

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

INTRODUCTORY SECTION

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| INTRODUCTORY SECTION | | |
| Table of Contents | | I-VI |
| Letter of Transmittal | | VII-XIII |
| Principal Officials | | XIV |
| Certificate of Achievement for Excellence in Financial Reporting | | XV |
| Organization Chart - Matanuska-Susitna Borough | | XVI |
| FINANCIAL SECTION | | |
| Independent Auditor's Report | | 1-3 |
| Management's Discussion and Analysis | | 5-18 |
| Basic Financial Statements | | |
| Government-wide Financial Statements: | | |
| Statement of Net Position | A-1 | 20-21 |
| Statement of Activities | A-2 | 22 |
| Fund Financial Statements: | | |
| Governmental Funds: | | |
| Balance Sheet | B-1 | 23-24 |
| Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position | B-2 | 25 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | B-3 | 26 |
| Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities | B-4 | 27 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | C-1 | 28 |
| Proprietary Funds: | | |
| Statement of Net Position | D-1 | 29-30 |
| Statement of Revenues, Expenses, and Changes in Net Position | D-2 | 31 |
| Statement of Cash Flows | D-3 | 32 |
| Agency Funds - Statement of Fiduciary Assets and Liabilities | E-1 | 33 |
| Notes to Basic Financial Statements | | 34-74 |
| Required Supplementary Information | | |
| Public Employees' Retirement System Pension Plan: | | |
| Schedule of the Borough's Proportionate Share of the Net Pension Liability | F-1 | 75 |
| Schedule of the Borough's Contributions | F-2 | 76 |

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Exhibit</u> | <u>Page</u> |
|---|----------------|-------------|
| FINANCIAL SECTION, continued | | |
| Required Supplementary Information, continued | | |
| Public Employees' Retirement System OPEB Plan: | | |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT | F-3 | 77 |
| Schedule of the Borough's Contributions - ARHCT | F-4 | 78 |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP | F-5 | 79 |
| Schedule of the Borough's Contributions - RMP | F-6 | 80 |
| Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) - ODD | F-7 | 81 |
| Schedule of the Borough's Contributions - ODD | F-8 | 82 |
| Notes to Required Supplementary Information | | 83 |
| Supplementary Information | | |
| Nonmajor Governmental Funds: | | |
| Combining Balance Sheet | G-1 | 86 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | G-2 | 87 |
| General Fund: | | |
| Balance Sheet | H-1 | 89 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual with Comparative Actuals | H-2 | 90-93 |
| Special Revenue Funds: | | |
| Combining Balance Sheet | I-1 | 95 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | I-2 | 96 |
| Nonareawide Services and Service Areas: | | |
| Combining Balance Sheet | I-3 | 97 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) | I-4 | 98 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual with Comparative Actuals: | | |
| Nonareawide Services | I-5 | 99 |
| Service Area 7 - Talkeetna Flood Control | I-6 | 100 |
| Service Area 36 - Talkeetna Water and Sewer | I-7 | 101 |
| Freedom Hills Subdivision | I-8 | 102 |
| Garden Terrace Estates | I-9 | 103 |
| Circle View/Stampede Estates | I-10 | 104 |
| Enhanced 911 Service | I-11 | 105 |
| Chase Trail | I-12 | 106 |
| Service Area 69 - Point MacKenzie | I-13 | 107 |
| Fire Fleet Maintenance | I-14 | 108 |
| Roads Outside Service Areas | I-15 | 109 |

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Exhibit</u> | <u>Page</u> |
|--|----------------|-------------|
| FINANCIAL SECTION, continued | | |
| Supplementary Information, continued | | |
| Special Revenue Funds, continued: | | |
| Fire Service Areas: | | |
| Combining Balance Sheet | I-16 | 110 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | I-17 | 111 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual with Comparative Actuals: | | |
| Fire Service Area 130 - Central Mat-Su | I-18 | 112 |
| Fire Service Area 2 - Butte | I-19 | 113 |
| Fire Service Area 132 - Greater Palmer Consolidated | I-20 | 114 |
| Fire Service Area 4 - Sutton | I-21 | 115 |
| Fire Service Area 24 - Talkeetna | I-22 | 116 |
| Fire Service Area 136 - West Lakes | I-23 | 117 |
| Fire Service Area 35 - Willow | I-24 | 118 |
| Fire Service Area 135 - Caswell | I-25 | 119 |
| Road Service Areas: | | |
| Combining Balance Sheet | I-26 | 120-121 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | I-27 | 122-123 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual with Comparative Actuals: | | |
| Road Service Area 9 - Midway Road | I-28 | 124 |
| Road Service Area 14 - Fairview Road | I-29 | 125 |
| Road Service Area 15 - Caswell Lake | I-30 | 126 |
| Road Service Area 16 - South Colony | I-31 | 127 |
| Road Service Area 17 - Knik Road | I-32 | 128 |
| Road Service Area 19 - Lazy Mountain | I-33 | 129 |
| Road Service Area 20 - Greater Willow | I-34 | 130 |
| Road Service Area 21 - Big Lake Road | I-35 | 131 |
| Road Service Area 23 - North Colony | I-36 | 132 |
| Road Service Area 25 - Bogard Road | I-37 | 133 |
| Road Service Area 26 - Greater Butte Road | I-38 | 134 |
| Road Service Area 27 - Meadow Lakes Road | I-39 | 135 |
| Road Service Area 28 - Gold Trail Road | I-40 | 136 |
| Road Service Area 29 - Greater Talkeetna Road | I-41 | 137 |
| Road Service Area 30 - Trapper Creek Road | I-42 | 138 |
| Road Service Area 31 - Alpine Road | I-43 | 139 |
| Land Management Special Revenue Fund: | | |
| Balance Sheet | I-44 | 140 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual with Comparative Actuals: | I-45 | 141 |

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Exhibit</u> | <u>Page</u> |
|--|----------------|-------------|
| FINANCIAL SECTION, continued | | |
| Supplementary Information, continued | | |
| Debt Service Funds: | | |
| School Buildings: | | |
| Balance Sheet | J-1 | 143 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | J-2 | 144 |
| Fronteras School: | | |
| Balance Sheet | J-3 | 145 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | J-4 | 146 |
| Nonmajor Debt Service Funds: | | |
| Combining Balance Sheet | J-5 | 147 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | J-6 | 148 |
| Capital Project Funds: | | |
| School Projects: | | |
| Balance Sheet | K-1 | 149 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | K-2 | 150 |
| Nonmajor Capital Project Funds: | | |
| Combining Balance Sheet | K-3 | 151 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | K-4 | 152 |
| Project Length of Construction Projects | K-5 | 153-154 |
| Enterprise Funds: | | |
| Solid Waste: | | |
| Statement of Net Position | L-1 | 155 |
| Statement of Revenues, Expenses, and Changes in Net Position | L-2 | 156 |
| Statement of Cash Flows | L-3 | 157 |
| Port: | | |
| Statement of Net Position | L-4 | 158 |
| Statement of Revenues, Expenses, and Changes in Net Position | L-5 | 159 |
| Statement of Cash Flows | L-6 | 160 |
| Internal Service Funds: | | |
| Combining Statement of Net Position | M-1 | 161 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | M-2 | 162 |
| Combining Statement of Cash Flows | M-3 | 163 |

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Exhibit</u> | <u>Page</u> |
|--|-----------------|-------------|
| FINANCIAL SECTION, continued | | |
| Supplementary Information, continued | | |
| Internal Service Funds, continued: | | |
| Revolving Loan: | | |
| Combining Statement of Net Position | M-4 | 164 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | M-5 | 165 |
| Combining Statement of Cash Flows | M-6 | 166 |
| Self-Insurance: | | |
| Combining Statement of Net Position | M-7 | 167 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position | M-8 | 168 |
| Combining Statement of Cash Flows | M-9 | 169 |
| Agency Funds - | | |
| Combining Statement of Changes in Assets and Liabilities | N-1 | 171-172 |
| Schedule of Expenditures of Federal Awards | O-1 | 173-174 |
| Schedule of State Financial Assistance | P-1 | 175-176 |
| Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance | | 177 |
| | <u>Schedule</u> | <u>Page</u> |
| STATISTICAL SECTION | | |
| Statistical Section Contents | | 179 |
| Net Assets by Component | 1 | 181 |
| Changes in Net Assets | 2 | 182-183 |
| Program Revenues by Function/Program | 3 | 184 |
| Fund Balances, Governmental Funds | 4 | 185 |
| Changes in Fund Balances, Governmental Funds | 5 | 186 |
| Assessed Value and Estimated Actual Value of Taxable Property | 6 | 187 |
| Direct and Overlapping Property Tax Rates | 7 | 188-189 |
| Principal Property Taxpayers | 8 | 190 |
| Property Tax Levies and Collections | 9 | 191 |
| Ratios of Outstanding Debt by Type | 10 | 192 |
| Ratios of Net General Bonded Debt Outstanding | 11 | 193 |
| Direct and Overlapping Debt | 12 | 194 |
| General Obligation Debt | 13 | 195 |
| Legal Debt Margin Information | 14 | 196 |
| School Construction General Obligation Bonds | 15 | 197 |
| Demographic and Economic Statistics | 16 | 198 |
| Total Employment by Type of Employer | 17 | 199 |
| Full-time-Equivalent Borough Government Employees by Function/Program | 18 | 200 |
| Operating Indicators by Function/Program | 19 | 201 |
| Capital Asset Statistics by Function/Program | 20 | 202 |

Matanuska-Susitna Borough, Alaska

Comprehensive Annual Financial Report

| | <u>Page</u> |
|---|-------------|
| SINGLE AUDIT SECTION | |
| Single Audit Reports | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 203-204 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance | 205-206 |
| Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i> | 207-208 |
| Schedule of Findings and Questioned Costs | 209-210 |
| Summary Schedule of Prior Audit Findings | 211 |
| Other Supplementary Information | |
| Schedule of Revenues and Expenditures - Budget and Actual Department of Health and Social Services Grants | 213-214 |
| COMPONENT UNIT | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 215 |
| Statement of Activities | 216 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 217 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position | 218 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | 219 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 220 |
| Proprietary Funds: | |
| Statement of Net Position | 221 |
| Statement of Revenues, Expenses, and Changes in Net Position | 216 |
| Statement of Cash Flows | 223 |
| Student Activities Agency Fund - Statement of Fiduciary Assets and Liabilities | 224 |



MATANUSKA-SUSITNA BOROUGH

Department of Finance

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December 23, 2019

To the Honorable Mayor,
Members of the Assembly and
Citizens of the Matanuska-Susitna Borough:

Transmittal of the CAFR

In accordance with Section 29.35.1 20 of Alaska Statutes, the Comprehensive Annual Financial Report of the Matanuska-Susitna Borough for the fiscal year ended June 30, 2019, is hereby submitted. The financial statements were prepared in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Matanuska-Susitna Borough ("Borough"). Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the Borough has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Borough's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Borough's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Borough's financial statements have been audited by BDO USA LLC, a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Borough for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Borough's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the basic financial statements of this report.

The independent audit of the financial statements of the Borough was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state of Alaska grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with certain legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included within the Comprehensive Annual Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Borough's MD&A can be found immediately following the report of the independent auditors.

Profile of the Matanuska-Susitna Borough

The Matanuska-Susitna Borough was incorporated January 1, 1964 as a second-class Borough in the heart of South Central Alaska. It includes part of the Alaska Range, Chugach Mountains, and the Talkeetna and Clearwater Ranges. There are currently three incorporated cities within the Matanuska-Susitna Borough; Palmer (population-6,223), Wasilla (population-8,801) and Houston (population-2,100). The core area, the area surrounding Palmer and Wasilla, is where the majority of the population lives. As of 2019, the population for the Borough was estimated at 105,743. The Borough is empowered to levy a property tax on both real and personal properties located within its boundaries. State of Alaska law mandates that second-class Boroughs provide certain services on an areawide basis to all taxpayers.

The Borough exercises the following areawide powers: general administration, education, property assessment and collection of taxes, planning and zoning, parks and recreation, ports, emergency medical services and historic preservation. The Borough also exercises the following non-areawide powers: solid waste, port, libraries, septage disposal, animal care and regulation and economic development. Additionally, following voter approval, the Borough is now responsible for 36 active service areas for water, sewer, flood, water erosion, fire, and/or roads. Service area boards of supervisors are appointed by the assembly to oversee the affairs of each service area. This report includes the financial data for these service areas.

The Borough operates under an Assembly-Manager form of government. Policy-making and legislative authority are vested in a governing assembly consisting of a mayor and seven assembly members. The Assembly is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the Borough Manager, Attorney and Clerk. The Borough Manager is responsible for carrying out the policies and ordinances of the Borough, for overseeing the day-to-day operations of the Borough and for appointing the heads of the various departments. The Assembly and Mayor are elected on a non-partisan basis. Assembly members are elected by

district. They serve three-year staggered terms, with two or three members elected each year. The Mayor is elected at large and also serves a three-year term.

The Matanuska-Susitna Borough is financially accountable for a legally separate school district which is reported separately within the Matanuska-Susitna Borough's financial statements. Additional information on this legally separate entity can be found in Note (1) in the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the Borough's financial planning and control. All departments and service areas submit budgets to the Manager on or about February 15th. The Manager uses these requests for developing a proposed budget. The Manager submits his proposed budget to the Assembly on the third Tuesday of April. The Assembly is required to hold public hearings on the proposed budget. The Assembly is required by Borough Code to adopt the budget by May 31st. The budget is appropriated by fund (Areawide), department (Emergency Services), and division (Rescue Units). The Manager is authorized to make transfers within a department within any fund. Assembly action is required to transfer between funds or departments within a fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented on pages 90 through 93. For governmental funds, other than the General Fund, these comparisons start on page 99.

Economic Condition of the Matanuska-Susitna Borough

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Matanuska-Susitna Borough operates.

The Borough's economy began experiencing growth in the early 1990's. In looking back over the last 20 years, the population of the Borough has doubled. Whereas, the population of the State only grew 25%. Just during the last decade, no other area of the state came close to the Borough's track record of population and employment growth.

The communities of the Borough were historically established to support farming and still continue to be the largest agricultural producer in the state. However, farming is now overshadowed by other economic players. There are a number of factors driving the Borough's dynamic economy. Health care is our local economy's major driver. Several new medical facilities have been and are being built over the past five years.

An ever growing sector in the Borough is the businesses in the Borough that provide expanded services to Borough residents as well as the rest of the state. New industry, professional businesses and a variety of new commercial buildings have moved into or expanded in the Borough including several new significant retail developments and office buildings. The new entities serve the growing number of people choosing to reside in the Borough while working elsewhere. Approximately 38% of the workforce commutes to work outside of the Borough.

In addition to new construction of commercial buildings, the construction of new residences throughout the Borough has continued to increase year after year. One hundred forty-two new commercial structures were completed this past year as well as 475 single-family residences, and 197 multi-family residences.

To further economic development, the Borough has completed numerous infrastructure projects. Keying on internal collector road connections are transportation program greatly improved on relieving traffic congestion. In the past three years the Borough solely invested over \$80 million in improving this key economic facilitator.

Cash from all Borough funds as well as the operating cash of the School District is held in a central treasury and managed by the Borough Administration. Interest income on investments is allocated to participating funds based on its average cash balance. The Investment Policy approved by the Borough Assembly authorizes cash temporarily idle during the year to be invested in the United States Treasury, its agencies and instrumentalities, Repurchase Agreements, fully collateralized Certificates of Deposit, bank or credit union accounts, provided the accounts are insured, money market mutual funds, provided they are comprised entirely of United States Treasury, its agencies or instrumentalities, taxable General Obligation Bonds of a Borough/County or State which has two ratings AA or higher and the Alaska Municipal League Investment Pool. The maturities at June 30, 2019 of the investments range from three months to five years, with an average maturity of 25 months. The average yield this fiscal year was 1.868%

In accordance with Code, the Borough has a self-insurance program for property and casualty coverage. This program is administered by a risk management committee. As part of this program, resources are accumulated in an internal service fund to meet potential claims and associated costs. In addition, the Borough employs a loss control specialist and a safety officer to prevent risk of accidental losses or claims. The Borough has third party coverage subject to the self-insured retentions, which is more fully described in Note (1) in the Notes to the Basic Financial Statements.

The Borough provides pension benefits for all eligible employees through the State of Alaska Public Employees Retirement System (PERS). The Borough has no annual obligations in connection with employee benefits offered through this plan beyond its annual required payment to the pension and other postemployment benefits plans.

The Matanuska-Susitna Borough School District provides pension benefits for all eligible employees through PERS and the Teachers Retirement System (TRS). The school district has no obligations in connection with employee benefits offered through these plans beyond its annual required payments to the pension and other postemployment benefits plans.

Additional information on pension arrangements and other postemployment benefits can be found in Note (10) to the Notes to the Basic Financial Statements.

Relevant Financial Policies

The Borough has established a number of reserves for a variety of purposes. The balances are reported as committed fund balance within this report. Details of these reserves are as follows.

The major reserve of the General fund is the Reservation of the General Fund Balance. This reserve is equal to a minimum of 22.2 percent of all operating budgeted expenditures of the fiscal year 2016 budget excluding the budgeted operating expenditures of the school district or \$25,000,000, whichever is less. This would provide funds to protect essential Borough programs if there is ever a significant shortfall in projected revenues or catastrophic uncovered loss. Also, it has been reported by the bond rating agencies as one of the reasons for maintaining or increasing our bond rating. It assists in maintaining our credit worthiness.

Another reserve has been established for Emergency Response. This reserve is within the General fund to cover unanticipated expenditures resulting from natural or human caused disasters including disaster response expenditures. The said funds can only be expended after the issuance of the formal declaration of emergency.

Also within the General fund is a reserve for Capital. This reserve will cover one-time capital expenditures or site acquisition costs. Expenditure of these funds requires Assembly approval. Additionally, there is a reserve for Major Repair and Renovation. This too is included within the General fund. The expenditure of these funds also requires Assembly approval.

To meet the need for future school facilities, another reserve has been established within the General fund. This reserve has been established to provide funds for future school site acquisitions.

Lastly, a practice has been established for the use of one-time revenues. Rather than utilize these one-time payments for operating expenditures, the funds can be utilized for tax rebates to taxpayers. Specifically, for taxpayers who pay real and personal property taxes. Or the funds can be used for one-time expenditures.

Long-Term Financial Planning

The Borough received voter approval in October 2011 to issue \$214,495,000 in General Obligation Bonds. In March 2012 the Borough issued the 2012 Series A General Obligation School Bonds in the amount of \$91,770,000. When combined with the premium, total proceeds for projects was \$100,375,000. In March of 2013, an additional \$13,290,000 was issued. Again, when combined with the premium generated a total of \$15,280,000 available for projects. In March of 2014, the Borough issued \$29,400,000. Which, when combined with the premium provided \$32,720,000 in funds. In March 2015, we issued \$55,195,000 in General Obligation Bonds. When combined with the premium it generated a total of \$63,655,000 for projects. These funds have or will be utilized for the acquisition, design, construction, major renovation and renewal of school capital improvement projects. The remaining projects will be completed during fiscal years 2020 and 2021. The issuance in fiscal year 2015 is the final phase of the original authorization.

The Borough also received authorization from the voters in October 2011 to issue \$32,165,000 in General Obligation Transportation System Bonds to finance the construction, additions, improvements, betterments, repair, reconstruction or acquisition of public roads and facilities. The bonds could only be issued if a matching grant was received from the State of Alaska. That grant was received on July 1, 2012. A portion of the bonds were issued in fiscal year 2013. Combined with the premium generated by the issuance, it provided \$12,900,000 for Transportation System

Projects. The remainder, \$19,265,000, was issued in January 2014. Design occurred over the winter and construction began summer of 2014. They are expected to be complete summer 2020. In total with the grant, \$64,330,000 was available for transportation projects.

The Borough also received authorization from the voters in October 2013 to issue \$16,215,000 in General Obligation Transportation System Bonds to also finance the construction, additions, improvements, betterments, repair, reconstruction or acquisition of public roads and facilities. The issuance was also dependent on receipt of a matching grant from the State of Alaska. In fiscal year 2015 a grant was received for \$1,600,000. In March 2015, bonds were issued for \$1,600,000 providing \$3,200,000 for a project.

In October 2013, Lease Certificates of Participation were issued to design and construct a new Public Safety Building. This \$8 million, 23,000 square foot facility was completed in fiscal year 2015. It is sited near Mat-Su Regional Medical Center.

In December 2016, Certificates of Participation were issued in the amount of \$13 million. These provide funding for a fleet maintenance facility addition to a Public Safety Building and a Public Safety Building with training facility.

In October 2016 the voters of the Borough authorized the issuance of \$22,160,000 in General Obligation Park & Recreation Bonds to finance improvements to the Ice Arena, Palmer and Wasilla Pools, trails and various parks. These bonds were issued March 15, 2017. The Ice Arena and Wasilla Pool projects were completed in fiscal year 2019 and the Palmer Pool will be completed in fiscal year 2020.

Approved in the capital/grant budget for fiscal year 2019 was \$1,320,000 for matching grants for numerous grants. These funds will not lapse. The funds will be used to leverage future grant funds for the Borough. Almost all grants now require a monetary match.

On October 2, 2018 voters approved \$23,845,000 in Transportation Bonds. This bond package requires a 50% match for projects to move forward. No bonds have been issued.

Lastly, over \$17.8 million was budgeted for various small projects throughout the Borough. These funds will be utilized to upgrade various recreational facilities, emergency service facilities and other facilities as well as roads. By so funding, future deferred maintenance costs of buildings will be significantly reduced. Also, maintenance costs will be reduced once the roads are upgraded. In addition, it will also be utilized to upgrade or replace certain equipment.

Long-Term Financial Planning

A significant measure of the Borough's financial strength is the level of its fund balances (i.e. the accumulation of revenues exceeding expenditures). The Assembly takes the responsibility of being stewards of the public's funds very seriously and has adopted the following General Fund reserve policy which was previously discussed: reserve funds shall not be used to fund recurring expenditures. Fund balances should be maintained at fiscally sound levels in all funds. The Borough has adopted financial policies that will ensure that the Borough maintains an appropriate

fund balance in line with recommended best practices. The General Fund's assigned amount of \$25 million is 50% of the General Fund operating expenditures excluding transfers and 19% of total operating expenditures, excluding capital, transfers and education. This leaves the Borough in a solid financial position to adequately prepare for the expected reductions in revenues caused by the changes in property tax laws and the economic environment.

Awards and Acknowledgements

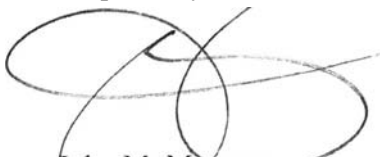
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Matanuska- Susitna Borough for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 31st consecutive year that the Borough has received this prestigious award. In order to be awarded a Certificate of Achievement, the Borough published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Accounting Division. We wish to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report with special thanks to Barbara Baumgartner, Dana Olson, Michael Newman, Kelly Short, Eileen Pickett, Cindy Loyer, Jeff Krueger, Sara Clemons, Tonya Loyer, Kathleen Kelly, Cheyenne Chandler, Hannah Newberry, Lyndsey Brisard and Layla Lesley. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

We also wish to thank the Mayor and the members of the Borough Assembly for their interest and support in maintaining the highest standards of professionalism in the management of the Matanuska-Susitna Borough finances.

Respectfully Submitted,



John M. Moosey
Borough Manager



Cheyenne Heindel
Director of Finance

Matanuska-Susitna Borough, Alaska

Principal Officials Mayor and Assembly

The legislative power of the borough is vested in the mayor and a seven member assembly. The assembly meets the first and third Tuesday of each month for its regular sessions. In addition, special meetings and work sessions are scheduled throughout the year.

Vern Halter, Mayor
Matthew Beck, Deputy Mayor

Jim Sykes
George McKee
Ted Leonard

Dan Mayfield
Jesse Sumner
Tam Boeve



Borough Staff

John Moosey
George Hays
Nicholas Spiropoulos
Lonnie McKechnie
Cheyenne Heindel
Sonya Conant
Jude Bilafer
Eric Phillips
Ken Barkley
Eileen Probasco
Terry Dolan
Brad Pickett
Stefan Hinman
Eric Wyatt
Barbara Baumgartner

Borough Manager
Assistant Manager
Borough Attorney
Borough Clerk
Director of Finance
Human Resources Director
Capital Projects Director
Community Development Director
Director of Emergency Services
Planning & Land Use Director
Director of Public Works
Borough Assessor
Public Affairs Director
Information Technology Director
Borough Comptroller



Government Finance Officers Association

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Presented to

Matanuska-Susitna Borough
Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

MAT-SU BOROUGH RESIDENTS

Borough Mayor
Vern Halter

Borough Assembly Members (7)

Borough Attorney
Nicholas Spiropoulos

Borough Manager
John Moosey

Borough Clerk
Lonnie McKechnie

Assistant Manager
George Hays

Human Resources
Sonya Conant

Community Development
Eric Phillips

Finance
Cheyenne Heindel

Planning & Land Use
Eileen Probasco

Emergency Services
Ken Barkley

Public Works
Terry Dolan

Capital Projects
Jude Bilafer

Information Technology
Eric Wyatt

- Indoor Recreation
- Outdoor Recreation
- Libraries
- Community Enrichment
- Land & Resource Management

- Treasury & Debt Management
- Risk Management
- Accounting
- Revenue & Budget
- Assessment

- Planning
- Platting
- Code Compliance
- Cultural Resources
- Water & Air Quality

- Emergency Medical Services
- Fire Service Area Management
- Emergency Management

- Maintenance
- Solid Waste
- Road Service Areas

- Project Management
- Pre-Design
- Engineering

- Information Technology
- GIS
- Web Services
- Network Services
- Help Desk

Animal Care Regulation
Kirsten Vesel

Public Affairs
Stefan Hinman

Port MacKenzie

Purchasing
Russ Krafft

- Enforcement of MSB Title 24 Regulations
- Shelter
- Adoptions
- Lost and Found

- Emergency Public Information Officer
- Publications/Media
- Special Projects
- Outreach

- Wharfage/Dockage
- Project Management

- Procurement
- Inventory control and surplus

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Matanuska-Susitna Borough, Alaska as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-18 and the Schedules of Net Pension Liability and Pension Contributions and Net OPEB Liability and OPEB Contributions on pages 75-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise Matanuska-Susitna Borough's basic financial statements. The accompanying Supplementary Information, Other Supplementary Information, and Component Unit financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The Supplementary Information, Other Supplementary Information and Component Unit financial statements listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Matanuska-Susitna Borough as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated February 13, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the June 30, 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019 on our consideration of Matanuska-Susitna Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Matanuska-Susitna Borough's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
December 23, 2019

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**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

Matanuska-Susitna Borough

Management's Discussion and Analysis

As management of the Matanuska-Susitna Borough, we offer readers of the Borough's financial statements this narrative overview and analysis of the Borough's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page VII of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Matanuska-Susitna Borough exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$929,807,120. Of this amount, \$141,981,441 (unrestricted net position) is legally unreserved and may therefore be used to meet the Borough's ongoing obligations to citizens and creditors. Much of this amount has been previously designated by the Borough Assembly for specific purposes and is discussed in more detail on pages 12-14.
- At the end of the current fiscal year, spendable fund balance for the General Fund was \$51,432,543. Of this amount, \$13,469,496 was unassigned and available for spending. The unassigned fund balance for the General Fund represented 8.8% of total General Fund expenditures and transfers.
- The Borough's total net position increased by \$21,390,805. Of this amount, \$20,581,378 was attributable to the governmental activities and \$809,427 was attributable to the business-type activities.
- As of the close of the current fiscal year, the Borough's governmental funds reported combined fund balances of \$191,316,792, a decrease of \$8,926,660 in comparison with the prior year.
- The Borough's total outstanding debt (not including Net Pension/OPEB liability) decreased by \$19,989,772 to a year-end balance of \$361,828,902. The Borough's long-term debt tables are on pages 50-58 of the Notes to the Basic Financial Statements.

Overview of the Financial Statements

The management discussion and analysis serves as an introduction to the Borough's basic financial statements. The Borough's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements report information about the overall finances of the Borough similar to a private-sector business. These statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations. The government-wide financial statements can be found on pages 20-22 of this report.

The government-wide financial statements are divided into the following three categories:

- Governmental activities - These are functions of the Borough that are financed primarily by taxes, intergovernmental revenues, and charges for services. The Borough's governmental activities include general government, public works, emergency services, public services, education, and debt service.

Matanuska-Susitna Borough

Management's Discussion and Analysis

- Business-type activities - These are functions of the Borough in which customer user fees and charges are used to help cover all or most of the cost of services they provide. The Borough's business-type activities include sanitary landfill and Port MacKenzie operations.
- Component unit - The Borough also includes the Matanuska-Susitna Borough School District in its report as it is financially accountable for this "component unit". Financial information for the School District is reported separately from the financial information presented for the primary government itself.

The Statement of Net Position presents financial information on all of the Borough's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Borough is improving or deteriorating.

The Statement of Activities presents information which shows how the Borough's net position changed as a result of the year's activities. The statement uses the accrual basis of accounting, which is similar to the accounting used by private-sector businesses. All of the revenues and expenses are reported regardless of the timing of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough, like other state and local governments, uses fund accounting to ensure and demonstrate fiscal accountability. All of the funds of the Borough can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the short-term view of the Borough's operations. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Borough maintains individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the School Projects Capital Project Fund, the School Buildings Debt Service Fund, and the Fronteras School Debt Service Fund. The other governmental funds are combined and shown as Nonmajor Governmental Funds on the Governmental Fund Balance Sheet and Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances. Individual fund information for the nonmajor funds is presented in the Combining Balance Sheet for Nonmajor Governmental Funds and the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Funds, by fund type.

The basic governmental fund financial statements can be found on pages 23-28 of this report. Budgetary comparison statements for the General Fund with annual budgets are provided on pages

Matanuska-Susitna Borough

Management's Discussion and Analysis

90-93 to demonstrate compliance with these budgets. The special revenue funds with annual budgets are provided on pages 99-109, 112-119, 124-139, and 141.

Proprietary funds

The Borough maintains two different types of proprietary funds, enterprise funds and internal service funds.

Enterprise funds are used to account for activities for which a fee is charged to external users for goods and services. The Borough uses enterprise funds to account for activities relating to operations of the Borough's sanitary landfill and the operations of Port MacKenzie. Individual fund data for each of the enterprise funds is provided on pages 155-160.

The Borough has seven internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Borough's various functions. The Borough uses internal service funds to account for its self-insurance program. Because these services predominantly benefit governmental functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 161-169.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds

Fiduciary funds account for assets held by the Borough in a trustee capacity or as an agent for others. Activities from fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Borough's own programs. The accounting for fiduciary funds is much like that used in proprietary funds.

The Borough's fiduciary funds include the Property Tax agency fund, and the Road, Gas line, and Community Water Agency Fund. These funds report resources held by the Borough in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary aggregated fund financial statements can be found on page 33 of this report and more detailed supplementary information is provided on pages 171-172.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-74 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The required supplementary information can be found on pages 75-83. The combining statements referred to earlier in connection with nonmajor

Matanuska-Susitna Borough
Management's Discussion and Analysis

governmental funds can be found on pages 86-87. Individual governmental funds can be found on pages 89-154 and proprietary funds can be found on pages 155-160 of this report.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Borough, assets and deferred outflows exceeded liabilities and deferred inflows by \$929.8 million at June 30, 2019 compared to \$908.4 million at June 30, 2018. Of the total net position, \$4.0 million represents resources that are subject to external restrictions on how they may be used; and \$142 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. By far the largest portion of the Borough's net position of \$783.8 million, or 84.3% of total net position, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The Borough uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Borough's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Matanuska-Susitna Borough's Net Position
June 30, 2019 and 2018
(in millions of dollars)

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|--|----------------------------|-------------------|-----------------------------|----------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets and Deferred Outflows | | | | | | |
| Current and other assets | \$ 245.7 | \$ 258.4 | \$ 3.5 | \$ 2.7 | \$ 249.2 | \$ 261.1 |
| Capital assets | 1,054.1 | 1,047.6 | 43.1 | 40.0 | 1,097.2 | 1,087.6 |
| Total assets | 1,299.8 | 1,306.0 | 46.6 | 42.7 | 1,346.4 | 1,348.7 |
| Deferred outflows of resources | 12.6 | 10.8 | 0.6 | 0.5 | 13.2 | 11.3 |
| Total Assets and Deferred Outflows of Resources | \$ 1,312.4 | \$ 1,316.8 | \$ 47.2 | \$ 43.2 | \$ 1,359.6 | \$ 1,360.0 |

Matanuska-Susitna Borough
Management's Discussion and Analysis

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|--|----------------------------|-----------------|-----------------------------|----------------|------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Liabilities and Deferred Inflows of Resources | | | | | | |
| Long-term debt outstanding | \$ 340.4 | \$ 364.1 | \$ 21.5 | \$ 16.8 | \$ 361.9 | \$ 380.9 |
| Net Pension Liability and OPEB | 46.2 | 43.4 | 2.4 | 2.2 | 48.6 | 45.6 |
| Other liabilities | 14.0 | 16.5 | 0.5 | 2.1 | 14.5 | 18.6 |
| Total liabilities | 400.6 | 424.0 | 24.4 | 21.1 | 425.0 | 445.1 |
| Deferred inflows of resources | 4.6 | 6.3 | .2 | .2 | 4.8 | 6.5 |
| Total Liabilities and Deferred Inflows of Resources | \$ 405.2 | \$ 430.3 | \$ 24.6 | \$ 21.3 | \$ 429.8 | \$ 451.6 |
| Net Position | | | | | | |
| Net investment in capital assets | \$ 754.6 | \$ 731.2 | \$ 29.2 | \$ 29.3 | \$ 783.8 | \$ 760.5 |
| Restricted | 4.0 | 3.9 | - | - | 4.0 | 3.9 |
| Unrestricted (deficit) | 148.6 | 151.4 | (6.6) | (7.4) | 142.0 | 144.0 |
| Total Net Position | \$ 907.2 | \$ 886.5 | \$ 22.6 | \$ 21.9 | \$ 929.8 | \$ 908.4 |

Changes in Net Position

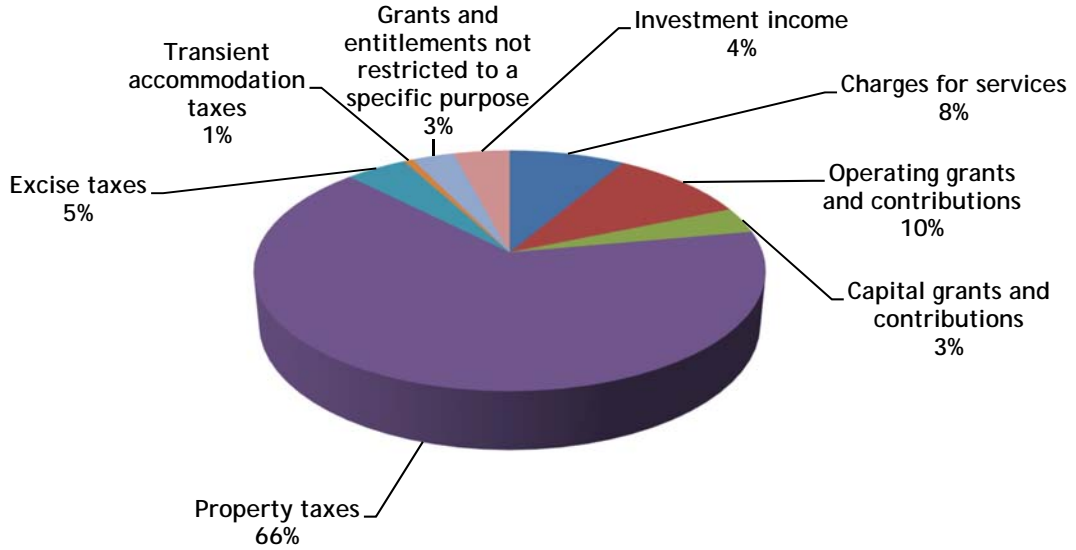
During the current fiscal year, the Borough's total net position increased by \$21.4 million. This compares to an increase of \$27.4 million for the year ended June 30, 2018.

Revenues increased government wide by \$1.9. The program revenues decreased by \$9.8 million for the primary government and \$1.8 million for the enterprise funds. This is a continued trend from prior years of reduced federal and state funding for Borough capital projects. During fiscal year 2019, approximately 66% of the Borough's total revenues came from property taxes. As the Borough continues to grow in population, so does the tax base. Revenues from all taxes increased by \$3.7 million. The strong economy and increased investments led to a \$6.9 million increase in earnings (realized and unrealized) from the prior year.

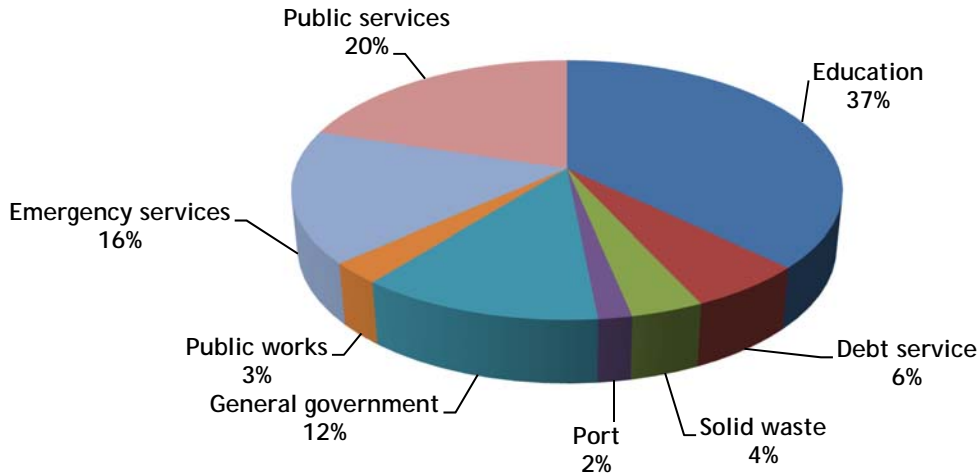
Expenses increased overall by \$7.9 million from the prior year. During fiscal year 2019, approximately 37% of the Borough's primary government changes to expenses went toward education with the remainder primarily providing emergency services, public services, and general government services.

Matanuska-Susitna Borough
Management's Discussion and Analysis

Sources of Revenue for Fiscal Year 2019



Functional Expenses for Fiscal Year 2019



Matanuska-Susitna Borough
Management's Discussion and Analysis

Changes in Matanuska-Susitna Borough's Net Position
For Years Ended June 30, 2019 and 2018
(in millions of dollars)

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|------------------------------------|----------------------------|-----------------|-----------------------------|----------------|------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8.2 | \$ 9.8 | \$ 9.5 | \$ 8.9 | \$ 17.7 | \$ 21.1 |
| Operating grants and contributions | 21.3 | 23.4 | - | 3.2 | 21.3 | 24.2 |
| Capital grants and contributions | 6.5 | 10.9 | 0.7 | - | 7.2 | 10.9 |
| General revenues: | | | | | | |
| Property taxes | 137.1 | 135.1 | - | - | 137.1 | 135.1 |
| Transient accommodation taxes | 1.4 | 1.3 | - | - | 1.4 | 1.3 |
| Tobacco excise taxes | 9.4 | 7.8 | - | - | 9.4 | 7.8 |
| Other | 16.9 | 8.7 | - | - | 16.9 | 8.7 |
| Total Revenues | \$ 200.8 | \$ 197.0 | \$ 10.2 | \$ 12.1 | \$ 211.0 | \$ 209.1 |
| Expenses | | | | | | |
| General government | \$ 23.2 | \$ 22.8 | \$ - | \$ - | \$ 23.2 | \$ 22.8 |
| Public works | 5.1 | 6.6 | - | - | 5.1 | 6.6 |
| Emergency services | 31.3 | 28.2 | - | - | 31.3 | 28.2 |
| Public services | 38.2 | 33.2 | - | - | 38.2 | 33.2 |
| Education | 70.5 | 67.8 | - | - | 70.5 | 67.8 |
| Interest | 11.2 | 12.8 | - | - | 11.2 | 12.8 |
| Solid waste | - | - | 6.9 | 7.8 | 6.9 | 7.8 |
| Port | - | - | 3.2 | 2.5 | 3.2 | 2.5 |
| Total Expenses | 179.5 | 171.4 | 10.1 | 10.3 | 189.6 | 181.7 |
| Excess before transfers | 21.3 | 25.6 | 0.1 | 1.8 | 21.4 | 27.4 |
| Transfers | (0.7) | (0.7) | 0.7 | 0.7 | - | - |
| Increase in Net Position | 20.6 | 24.9 | 0.8 | 2.5 | 21.4 | 27.4 |
| Net Position, beginning | 886.5 | 869.5 | 21.9 | 19.7 | 908.4 | 889.2 |
| Restatement * | - | (7.9) | - | (0.3) | - | (8.2) |
| Net Position, as restated | 886.5 | 861.6 | 21.9 | 19.4 | 908.4 | 881.0 |
| Net Position, ending | \$ 907.2 | \$ 886.5 | \$ 22.6 | 21.9 | \$ 929.8 | 908.4 |

*Net position was restated in 2018 with implementation of GASB 75.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Governmental activities

Revenues for the Borough's primary governmental activities decreased \$8 million from the prior year, while the general revenues increased \$11.9 million. Expenses for governmental activities increased \$8.1 million. Key elements to the decrease in revenues and increase in expenses include the following:

- Revenues from operating grants and capital grants decreased due to reduced federal and state funding.
- The Borough had a year of strong growth, seeing a 3.2% increase in value of the assessment roll. Contributing to this was the addition of over 550 new homes and a 2.5% increase in the average appraised value of a residential home. In the commercial sector, Senior Citizen housing and Medical Offices continued to lead this area in growth, giving Mat-Su one of its largest increases in the past 10 years for new commercial construction.
- The governmental activities expenses increased by \$8.1 million primarily due to increased spending for emergency and public services.
- The education expenses increased by \$2.7 million as a result of an increase to local funding provided by the Borough.

Business-type activities

The Central Landfill's net position increased by \$2.6 million. Operating income increased by \$1.3 million due to increased revenues and decreased expenses. The Central Landfill expansion continues with the construction a Septage and Leachate facility, and the addition of a new cell. The Port's net position decreased by \$1.8 million. Dock repairs were completed. Significant revenues are not anticipated until the completion of the rail spur from the Port to the Alaska railroad.

Financial Analysis of the Borough's Funds

As noted earlier, the Borough uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the Borough's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Borough's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Borough's governmental funds reported combined ending fund balances of \$191,316,792, a decrease of \$8,926,660 in comparison with the prior year. A portion of this amount is categorized as non-spendable to indicate it is inherently non-spendable because it has already been dedicated to liquidate prepaid items (\$808,304) or is already in the form of inventory (\$216,243), or is a long-term loan receivable (\$450,000).

A portion of the combined ending fund balance is categorized as restricted to indicate that there is an externally enforceable limitation on its use. Specifically, funds in the amount of \$4,053,732 are

Matanuska-Susitna Borough

Management's Discussion and Analysis

restricted due to lender-imposed debt reserves for debt service. Unused bond proceeds in the amount of \$21,397,880 are restricted for school construction projects, as approved by the Borough voters.

A total of \$36,530,465 of the combined ending fund balance is categorized as committed to indicate that there are self-imposed limitations for the funds set in place prior to the end of the current period. \$25,000,000 is shown as committed in accordance with the Borough's minimum fund balance/stabilization policy. The remaining \$11,530,465 of the committed fund balance is shown as committed for a long-term note receivable, the Land Management Permanent Fund, Alaska LNG project, paving projects, emergency response, and various other limitations that have been imposed by the Matanuska-Susitna Borough Assembly through formal action.

Of the combined ending fund balance, \$114,390,672 is categorized as assigned to indicate that there is a limitation on the funds resulting from intended use. Specifically, these funds are assigned for subsequent year's expenditures and appropriations, or for service areas, debt service, or capital project purposes. The remainder of fund balance of \$13,469,496 is unassigned.

The General Fund is the chief operating fund of the Borough. At the end of the current fiscal year, total fund balance was \$52,780,617. Of this, non-spendable fund balance was \$1,348,074, restricted fund balance was \$78,660, committed fund balance was \$28,507,216, assigned fund balance was \$9,377,170, and unassigned fund balance was \$13,469,496. Total fund balance decreased by \$2,429,416 from the prior year primarily due increased spending for education and the general government.

The other major governmental funds in the current fiscal year were the School Capital Projects Funds, the School Building Debt Service fund, and the Fronteras School Debt Service Fund.

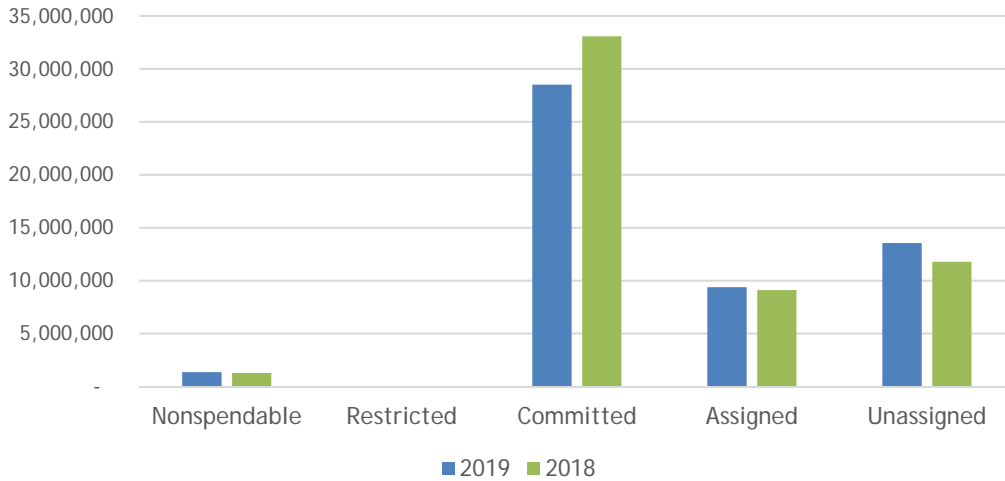
At the end of the current fiscal year, ending total fund balance in the School Capital Projects Fund was \$22,142,608, with unused bond proceeds of \$21,262,546 restricted for school construction projects as approved by the Borough voters. The remainder of fund balance is assigned for school building capital projects of \$880,062. Total fund balance decreased by \$8,805,636 from the prior year. The key factor in the decrease in fund balance has been the completion of several school building projects.

At the end of the current fiscal year, ending total fund balance in the School District Debt Service Fund was \$3,563,540. Of this, \$1,571,636 is restricted for debt service payments. Remaining funds from completed school capital projects were re-directed to debt service which increased fund balance by \$1,122,646.

At the end of the current fiscal year, the outstanding balance on Fronteras School Debt was \$6.6 million. The school was completed in fiscal year 2016, and the District will pay the debt. The principal payments began in fiscal year 2018.

Matanuska-Susitna Borough
Management's Discussion and Analysis

**General Fund Components of Fund Balance
2018 and 2019**



Proprietary funds

The Borough's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net positions of the solid waste and port enterprise funds were \$4,637,326 and a deficit of (\$11,235,292), respectively. The unrestricted net position of the internal service funds at the end of the year were \$26,735,626.

The two major proprietary funds in the current fiscal year were the Solid Waste Enterprise Fund and the Port Enterprise Fund.

At the end of the current fiscal year, ending total net position of the Solid Waste Enterprise Fund was \$8,239,365, with \$3,602,039 being invested in capital assets, net of related debt and unrestricted net position of \$4,637,326. The total net position increased by \$2,591,522 from the prior year.

At the end of the current fiscal year, the ending total net position of the Port Enterprise Fund was \$14,413,101, with \$25,648,393 being invested in capital assets, net of related debt, and an unrestricted net position deficit of (\$11,235,292). The total net position decreased by \$1,782,095 from the prior year.

General Fund Budgetary Highlights

At year end, there was no change from the total original budget and the total final amended budget for revenues.

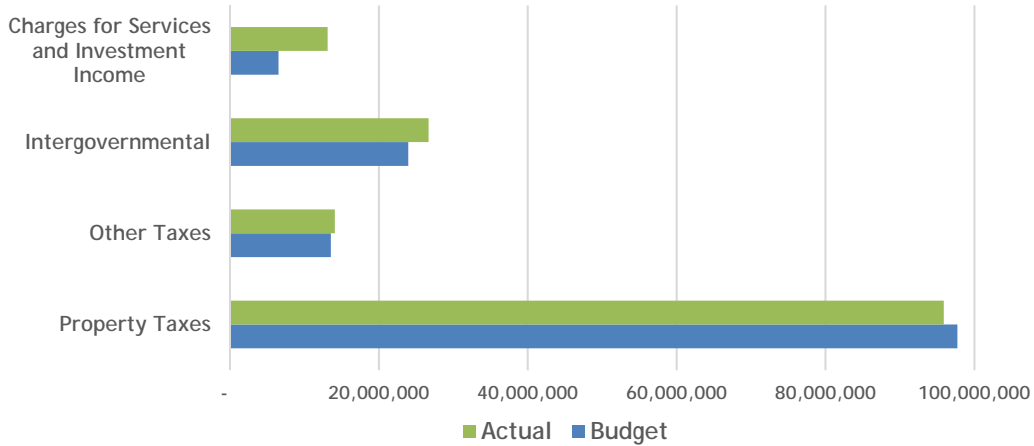
The actual revenues were \$8 million more than the final budget. Actual expenditures were \$7.9 million less than the final budget. Actual transfers in and out were over budget, with a net of \$570,944. As a result, fund balance decreased by \$2.4 million. Key factors include:

Matanuska-Susitna Borough

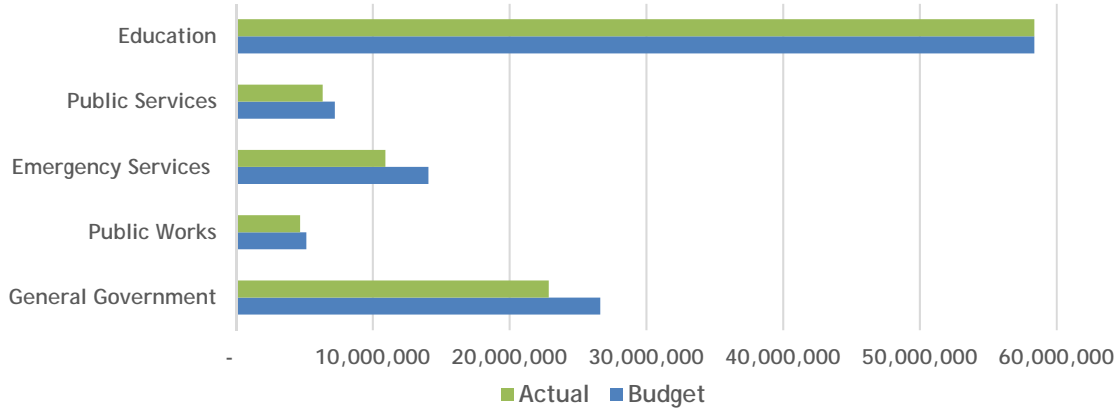
Management's Discussion and Analysis

- Actual general government expenditures were \$3.7 million less than budgeted. This is due to a continued concerted effort to cut spending.
- Emergency services expenditures were \$3 million less than budgeted, primarily due to increased efficiencies in ambulance operations.

General Fund Revenues Budget to Actual Fiscal Year 2019



General Fund Expenditure Budget to Actual Fiscal Year 2019



Capital Assets and Debt Administration

Capital Assets

The Borough's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$1,097,141,351, (net of accumulated depreciation), which is an increase of \$9.5 million from the prior year. This investment in capital assets includes land, buildings, improvements other than buildings, equipment, construction in progress, infrastructure, and landfill cells.

Major additions to capital assets during the current fiscal year included the following:

- Completion of the public safety Station 6-2 which serves the Knik-Goose Bay area.

Matanuska-Susitna Borough

Management's Discussion and Analysis

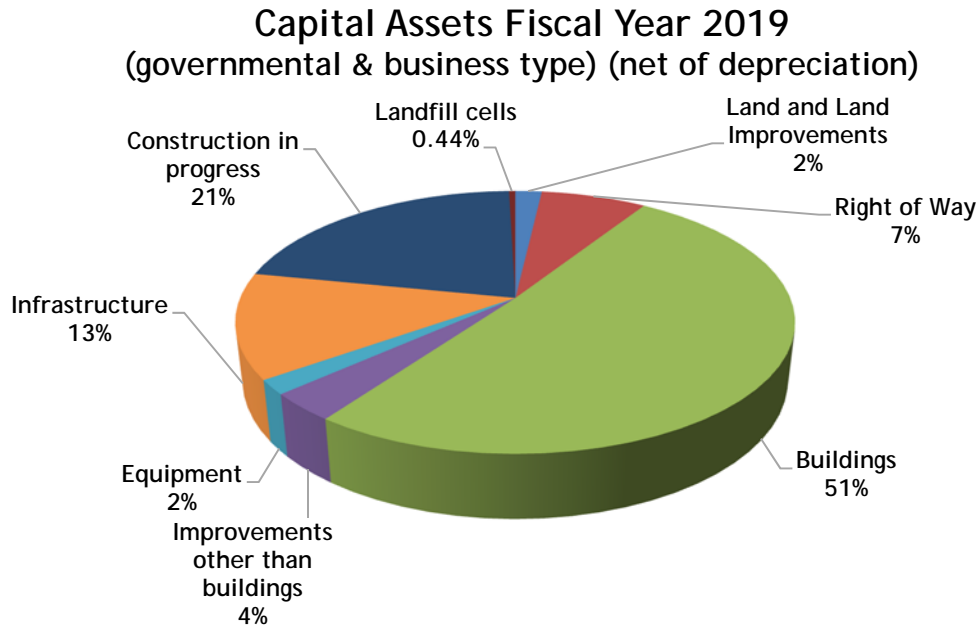
- Completion of Public Safety building 11-9 which serves the Talkeetna area
- Completion of the Wasilla Pool renovation project. Palmer Pool renovation project is ongoing.
- Completion of the Bogard Road Phase III project. Road was resurfaced, and a new multi-use paved pedestrian pathway was constructed.
- Continuing school renovations including access control for Knik Elementary and Goose Bay Elementary Schools. Projects included fencing, gates, and pedestrian entrances.
- Completion of the Yoder Road project. Project included a complete repair and stabilization of the bank that was eroded during the 2012 major flood event.
- Port MacKenzie Dock Repair project complete. Damaged walls were completely rebuilt.

Matanuska-Susitna Borough's Capital Assets (net of depreciation, in millions of dollars)

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|-----------------------------------|----------------------------|------------------|-----------------------------|----------------|-------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land and land improvements | \$ 20.0 | \$ 19.8 | \$ - | \$ - | \$ 20.0 | \$ 19.8 |
| Right of Way | 79.9 | 79.5 | - | - | 79.9 | 79.5 |
| Buildings | 545.8 | 529.5 | 12.3 | 12.7 | 558.1 | 542.2 |
| Improvements other than buildings | 36.9 | 27.4 | .9 | 1.0 | 37.8 | 28.4 |
| Equipment | 18.0 | 17.7 | 1.6 | 1.2 | 19.6 | 18.9 |
| Infrastructure | 119.2 | 100.7 | 22.8 | 23.7 | 142.0 | 124.4 |
| Construction in progress | 234.3 | 273.0 | 0.7 | 0.2 | 235.0 | 273.2 |
| Landfill cells | - | - | 4.8 | 1.2 | 4.8 | 1.2 |
| Total Capital Assets | \$ 1,054.1 | \$1,047.6 | \$ 43.1 | \$ 40.0 | \$ 1,097.2 | \$1,087.6 |

Additional information on the Borough's capital assets can be found on pages 47-49 this report.

Matanuska-Susitna Borough
Management's Discussion and Analysis



Long-term Debt

At the end of the current fiscal year, the Borough had total debt outstanding of \$361,828,902. Of this amount, \$272,565,000 was bonded and backed by the full faith and credit of the Borough. The Certificates of Participation had an outstanding balance of \$17,610,000. The remaining debt consists of ADEC loans, landfill closure costs, accrued leave, and insurance claims incurred but not reported.

Matanuska-Susitna Borough Outstanding Debt
 (in millions of dollars)

| | Governmental Activities | | Business-Type Activities | | Total Activities | |
|-------------------------------|-------------------------|-----------------|--------------------------|----------------|------------------|-----------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| General obligation bonds | \$ 269.4 | \$ 290.0 | \$ 3.1 | \$ 3.7 | \$ 272.5 | \$ 293.7 |
| Certificates of participation | 17.6 | 19.1 | - | - | 17.6 | 19.1 |
| Other | 53.4 | 55.0 | 18.4 | 14.1 | 71.8 | 69.1 |
| Total Outstanding Debt | \$ 340.4 | \$ 364.1 | \$ 21.5 | \$ 17.8 | \$ 361.9 | \$ 381.9 |

Additional information on the Borough's long-term debt can be found on pages 50-58 of this report.

Matanuska-Susitna Borough

Management's Discussion and Analysis

Economic Factors and the Next Year's Budget and Rates

In setting the budgets for fiscal year 2020, the Borough considered a number of issues with Borough-wide impact, among them:

- A sufficient level of funding necessary to meet the needs of Borough residents, visitors and communities.
- A continued reduction in the historical variance between budget and actual revenues and expenditures.
- Maintenance of the Borough's financial condition including compliance with the Borough's fund balance policy.
- The highest level of local educational funding that Borough residents can reasonably afford and sustain and as allowed by state law.
- A high-quality capital and operational maintenance program that ensures the continued use and economic value of Borough assets.
- Maintenance of the Borough's bond rating.

All of these factors were considered in preparing the Borough's budget for fiscal year 2020. As a result, the fiscal year 2020 budget is 10.386 mills for the General Fund tax rate, an increase of .055 mills. The nonareawide mill rate increased to 0.573 mills, an increase of 0.025 mills in the fiscal year 2020 budget.

Requests for Information

This financial report is designed to provide a general overview of the Borough's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance, Matanuska-Susitna Borough, 350 East Dahlia Avenue, Palmer, Alaska 99645-6488.

BASIC FINANCIAL STATEMENTS

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Matanuska-Susitna Borough, Alaska

Statement of Net Position

| | Primary Government | | | Component |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | Governmental | Business- | Total | Unit |
| <i>June 30, 2019</i> | Activities | Type Activities | | School District |
| Assets and Deferred Outflows of Resources | | | | |
| Assets | | | | |
| Cash and investments | \$ 187,859,658 | \$ 9,443,605 | \$ 197,303,263 | \$ 32,539,105 |
| Prepaid items | 808,304 | - | 808,304 | 1,045,805 |
| Receivables: | | | | |
| Intergovernmental | 3,267,389 | 489,328 | 3,756,717 | 5,834,233 |
| Property and excise taxes, net of allowance | 8,481,588 | - | 8,481,588 | - |
| Accounts, net of allowance | - | 568,246 | 568,246 | - |
| Ambulance, net of allowance | 1,043,727 | - | 1,043,727 | - |
| Land sales contracts, net of allowance | 15,586 | - | 15,586 | - |
| Lease receivable, net of allowance | 156,036 | - | 156,036 | - |
| Other | 1,420,071 | - | 1,420,071 | 714,882 |
| Accrued interest | 612,025 | - | 612,025 | - |
| Due from Primary Government | - | - | - | 6,378 |
| Deposits | 25,000 | - | 25,000 | - |
| Inventory | 216,243 | - | 216,243 | 1,936,197 |
| Restricted cash and investments | 25,451,612 | 2,543,212 | 27,994,824 | - |
| Internal balances | 9,496,483 | (9,496,483) | - | - |
| Land sales contracts receivable - long-term | 364,656 | - | 364,656 | - |
| Lease receivable, net of allowance - long-term | 6,460,231 | - | 6,460,231 | - |
| Net other postemployment benefits assets | - | - | - | 1,061,954 |
| Capital assets, not being depreciated | 334,203,843 | 682,158 | 334,886,001 | 119,632 |
| Capital assets, net of accumulated depreciation | 719,869,233 | 42,386,117 | 762,255,350 | 18,828,942 |
| Total Assets | 1,299,751,685 | 46,616,183 | 1,346,367,868 | 62,087,128 |
| Deferred Outflows of Resources | | | | |
| Unamortized deferred loss on bonds | 4,989,713 | 153,254 | 5,142,967 | - |
| Pension related | 4,718,354 | 283,275 | 5,001,629 | 17,173,454 |
| Related to other postemployment benefits | 2,935,685 | 135,363 | 3,071,048 | 13,436,110 |
| Total Deferred Outflows of Resources | 12,643,752 | 571,892 | 13,215,644 | 30,609,564 |
| Total Assets and Deferred Outflows of Resources | \$ 1,312,395,437 | \$ 47,188,075 | \$ 1,359,583,512 | \$ 92,696,692 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Statement of Net Position, continued

| <i>June 30, 2019</i> | Primary Government | | | Component Unit |
|--|----------------------------|---------------------------------|-------------------------|----------------------|
| | Governmental Activities | Business- Type Activities | Total | School District |
| Liabilities, Deferred Inflows of Resources and Net Position | | | | |
| Liabilities | | | | |
| Accounts, contracts and retentions payable | \$ 5,805,403 | \$ 481,448 | \$ 6,286,851 | \$ 1,595,146 |
| Payable to component unit | 6,378 | - | 6,378 | - |
| Accrued payroll and related liabilities | 2,667,575 | - | 2,667,575 | 8,344,658 |
| Other liabilities | 145,932 | - | 145,932 | - |
| Deposits | 289,727 | - | 289,727 | - |
| Unearned revenue | 1,241,054 | - | 1,241,054 | 678,981 |
| Accrued interest payable | 3,905,783 | 52,149 | 3,957,932 | - |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Accrued leave | 3,171,378 | 107,608 | 3,278,986 | 2,529,933 |
| Bonds and certificates of participation | 20,675,000 | 580,000 | 21,255,000 | - |
| Loans payable | 20,066 | 327,391 | 347,457 | - |
| Notes payable | 245,651 | - | 245,651 | - |
| Insurance claims incurred but not reported and claims payable | 1,969,191 | - | 1,969,191 | 1,368,155 |
| Capital lease payable | - | - | - | 156,036 |
| Due in more than one year: | | | | |
| Accrued leave | - | - | - | 1,422,619 |
| Bonds and certificates of participation, net of premium | 297,504,886 | 2,818,637 | 300,323,523 | - |
| Loans payable | 966,295 | 10,245,069 | 11,211,364 | - |
| Notes payable | 6,527,256 | - | 6,527,256 | - |
| Capital lease payable | - | - | - | 6,460,231 |
| FTA liability | 9,287,929 | - | 9,287,929 | - |
| Lease credits payable | - | 1,310,978 | 1,310,978 | - |
| Net pension liability | 38,334,898 | 2,006,924 | 40,341,822 | 157,419,471 |
| Net other postemployment benefits liability | 7,891,715 | 360,343 | 8,252,058 | 27,041,832 |
| Landfill closure costs payable | - | 6,071,567 | 6,071,567 | - |
| Total Liabilities | 400,656,117 | 24,362,114 | 425,018,231 | 207,017,062 |
| Deferred Inflows of Resources | | | | |
| Taxes collected in advance | 794,185 | - | 794,185 | - |
| Pension related | 967,349 | 45,152 | 1,012,501 | 4,231,063 |
| Related to other postemployment benefits | 2,823,132 | 128,343 | 2,951,475 | 10,922,016 |
| Total Deferred Inflows of Resources | 4,584,666 | 173,495 | 4,758,161 | 15,153,079 |
| Total Liabilities and Deferred Inflows of Resources | 405,240,783 | 24,535,609 | 429,776,392 | 222,170,141 |
| Net Position (Deficit) | | | | |
| Net investment in capital assets | 754,521,515 | 29,250,432 | 783,771,947 | 12,332,307 |
| Restricted: | | | | |
| Debt service | 4,053,732 | - | 4,053,732 | - |
| Scholarships and correspondence program | - | - | - | 1,924,287 |
| Unrestricted (deficit) | 148,579,407 | (6,597,966) | 141,981,441 | (143,730,043) |
| Total Net Position (Deficit) | 907,154,654 | 22,652,466 | 929,807,120 | (129,473,449) |
| Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit) | \$1,312,395,437 | \$ 47,188,075 | \$ 1,359,583,512 | \$ 92,696,692 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Statement of Activities

| Year Ended June 30, 2019 | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Unit School District |
|---|--------------------|--|--|--------------------------------------|--|---------------------------------|-----------------------|---|
| | Expenses | Fees, Fines, & Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Primary Government | | Total | |
| | | | | | Governmental Activities | Business- Type Activities | | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 23,154,030 | \$ 192,015 | \$ 555,052 | \$ 5,140 | \$ (22,401,823) | \$ - | \$ (22,401,823) | |
| Public works | 5,068,357 | 104,484 | 42,938 | - | (4,920,935) | - | (4,920,935) | |
| Emergency services | 31,307,833 | 5,851,204 | 495,802 | 1,015,936 | (23,944,891) | - | (23,944,891) | |
| Public services | 38,217,331 | 1,679,081 | 394,285 | 5,502,817 | (30,641,148) | - | (30,641,148) | |
| Education | 70,545,128 | 393,300 | 19,831,024 | - | (50,320,804) | - | (50,320,804) | |
| Interest | 11,218,029 | - | - | - | (11,218,029) | - | (11,218,029) | |
| Total governmental activities | 179,510,708 | 8,220,084 | 21,319,101 | 6,523,893 | (143,447,630) | - | (143,447,630) | |
| Business-type activities: | | | | | | | | |
| Solid waste | 6,917,118 | 9,481,543 | 2,640 | - | - | 2,567,065 | 2,567,065 | |
| Port | 3,217,373 | 13,816 | - | 719,731 | - | (2,483,826) | (2,483,826) | |
| Total business-type activities | 10,134,491 | 9,495,359 | 2,640 | 719,731 | - | 83,239 | 83,239 | |
| Total Primary Government | 189,645,199 | 17,715,443 | 21,321,741 | 7,243,624 | (143,447,630) | 83,239 | (143,364,391) | |
| Component Unit | | | | | | | | |
| School District | \$ 267,879,201 | \$ 1,212,213 | \$ 49,365,415 | \$ - | | | | \$ (217,301,573) |
| General Revenues | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 137,039,299 | - | 137,039,299 | - |
| Excise taxes | | | | | 9,418,381 | - | 9,418,381 | - |
| Transient accommodation taxes | | | | | 1,428,373 | - | 1,428,373 | - |
| Contributions from primary government | | | | | - | - | - | 58,374,918 |
| Grants and entitlements not restricted to a specific purpose | | | | | 6,438,852 | - | 6,438,852 | 172,766,647 |
| Investment income | | | | | 8,598,388 | 13,708 | 8,612,096 | - |
| Gain on disposal of capital assets | | | | | - | 13,500 | 13,500 | - |
| Other | | | | | 1,804,695 | - | 1,804,695 | 2,935,534 |
| Transfers | | | | | (698,980) | 698,980 | - | - |
| Total General Revenues and Transfers | | | | | 164,029,008 | 726,188 | 164,755,196 | 234,077,099 |
| Change in Net Position | | | | | 20,581,378 | 809,427 | 21,390,805 | 16,775,526 |
| Net Position (Deficit), beginning | | | | | 886,573,276 | 21,843,039 | 908,416,315 | (146,248,975) |
| Net Position (Deficit), ending | | | | | \$ 907,154,654 | \$ 22,652,466 | \$ 929,807,120 | \$ (129,473,449) |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet

| | Major Funds | | | | | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|--|--|--|-----------------------|-----------------------|--------------------------------|
| | General | School Projects Capital Project | School Buildings Debt Service | Fronteras School Debt Service | | | |
| <i>June 30, 2019</i> | | | | | | | |
| Assets | | | | | | | |
| Cash and investments | \$ 46,408,104 | \$ 955,992 | \$ 1,991,904 | \$ - | \$ 110,089,642 | \$ 159,445,642 | |
| Prepaid items | 681,831 | - | - | - | 126,473 | 808,304 | |
| Receivables: | | | | | | | |
| Intergovernmental | 8,124 | - | - | - | 3,259,265 | 3,267,389 | |
| Property taxes, net of allowance | 5,991,342 | - | - | - | 1,804,237 | 7,795,579 | |
| Excise taxes | 686,009 | - | - | - | - | 686,009 | |
| Ambulance, net of allowance | 1,043,727 | - | - | - | - | 1,043,727 | |
| Land sales contracts, net | - | - | - | - | 15,586 | 15,586 | |
| Accrued interest | 612,025 | - | - | - | - | 612,025 | |
| Other | 975,873 | - | - | - | 444,198 | 1,420,071 | |
| Due from other funds | 7,064,550 | - | - | - | - | 7,064,550 | |
| Inventory | 216,243 | - | - | - | - | 216,243 | |
| Interfund loan receivable | 450,000 | - | - | - | 3,506,894 | 3,956,894 | |
| Land sales contracts receivable, long-term | - | - | - | - | 364,656 | 364,656 | |
| Lease receivable, long-term | - | - | - | 10,226,351 | - | 10,226,351 | |
| Restricted cash and investments | 78,660 | 21,262,546 | 1,571,636 | - | 2,538,770 | 25,451,612 | |
| Total Assets | \$ 64,216,488 | \$ 22,218,538 | \$ 3,563,540 | \$ 10,226,351 | \$ 122,149,721 | \$ 222,374,638 | |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts, contracts and retentions payable | \$ 646,308 | \$ 64,105 | \$ - | \$ - | \$ 5,094,990 | \$ 5,805,403 | |
| Due to other funds | - | - | - | - | 239,962 | 239,962 | |
| Payable to component unit | - | 6,378 | - | - | - | 6,378 | |
| Accrued payroll and related liabilities | 2,667,575 | - | - | - | - | 2,667,575 | |
| Other liabilities | 145,932 | - | - | - | - | 145,932 | |
| Deposits | - | 5,447 | - | - | 284,280 | 289,727 | |
| Unearned revenue | - | - | - | - | 1,241,054 | 1,241,054 | |
| Interfund loans payable | 1,285,000 | - | - | - | 481,184 | 1,766,184 | |
| Total Liabilities | 4,744,815 | 75,930 | - | - | 7,341,470 | 12,162,215 | |
| Deferred Inflows of Resources | | | | | | | |
| Special assessments | - | - | - | - | 7,028 | 7,028 | |
| Taxes collected in advance | 794,185 | - | - | - | - | 794,185 | |
| Delinquent property taxes | 5,336,551 | - | - | - | 1,606,540 | 6,943,091 | |
| Delinquent ambulance receivables | 503,004 | - | - | - | - | 503,004 | |
| Delinquent foreclosure property sales | 57,316 | - | - | - | - | 57,316 | |
| Land sales receivables not yet due | - | - | - | - | 364,656 | 364,656 | |
| Lease receivable not yet due | - | - | - | 10,226,351 | - | 10,226,351 | |
| Total Liabilities and Deferred Inflows of Resources | 11,435,871 | 75,930 | - | 10,226,351 | 9,319,694 | 31,057,846 | |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Governmental Funds
Balance Sheet, continued

| | Major Funds | | | | | Nonmajor Funds | Total Governmental Funds |
|---|-------------------|--|--|--|--------------------|--------------------|--------------------------------|
| | General | School Projects Capital Project | School Buildings Debt Service | Fronteras School Debt Service | | | |
| <i>June 30, 2019</i> | | | | | | | |
| Fund Balances | | | | | | | |
| Nonspendable - | | | | | | | |
| Prepaid items and inventory | \$ 898,074 | \$ - | \$ - | \$ - | \$ 126,473 | \$ 1,024,547 | |
| Long-term loan receivable | 450,000 | - | - | - | - | 450,000 | |
| Restricted: | | | | | | | |
| Debt service | 78,660 | - | 1,571,636 | - | 2,403,436 | 4,053,732 | |
| Capital projects and school construction | - | 21,262,546 | - | - | 135,334 | 21,397,880 | |
| Committed: | | | | | | | |
| Long-term loan receivable | - | - | - | - | 3,506,894 | 3,506,894 | |
| Land management | - | - | - | - | 4,376,354 | 4,376,354 | |
| Self-insurance | 150,000 | - | - | - | 10,000 | 160,000 | |
| Accrued leave | 250,000 | - | - | - | 30,000 | 280,000 | |
| Equipment | - | - | - | - | 100,000 | 100,000 | |
| Assembly projects | 57,217 | - | - | - | - | 57,217 | |
| Alaska LNG project | 250,000 | - | - | - | - | 250,000 | |
| Major repairs and renovations | 300,000 | - | - | - | - | 300,000 | |
| Capital | 500,000 | - | - | - | - | 500,000 | |
| Emergency response | 2,000,000 | - | - | - | - | 2,000,000 | |
| Fund balance stabilization | 25,000,000 | - | - | - | - | 25,000,000 | |
| Assigned: | | | | | | | |
| Subsequent year appropriations | - | - | - | - | 794,419 | 794,419 | |
| Subsequent year expenditures | 9,377,170 | - | - | - | 8,897,899 | 18,275,069 | |
| Service areas | - | - | - | - | 22,750,489 | 22,750,489 | |
| Debt service | - | - | 1,991,904 | - | 3,648,113 | 5,640,017 | |
| Capital projects | - | 880,062 | - | - | 66,050,616 | 66,930,678 | |
| Unassigned | 13,469,496 | - | - | - | - | 13,469,496 | |
| Total Fund Balances | 52,780,617 | 22,142,608 | 3,563,540 | - | 112,830,027 | 191,316,792 | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| | \$ 64,216,488 | \$ 22,218,538 | \$ 3,563,540 | \$ 10,226,351 | \$ 122,149,721 | \$ 222,374,638 | |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2019

| | | |
|---|----------------------|-----------------------|
| Total fund balances for governmental funds | | \$ 191,316,792 |
| Total net position reported for governmental activities in the Statement of Net Position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets, net of accumulated depreciation consist of: | | |
| Land and land improvements | \$ 20,008,673 | |
| Rights of way | 79,941,416 | |
| Construction in progress | 234,253,754 | |
| Buildings | 754,708,237 | |
| Improvements other than buildings | 49,547,387 | |
| Equipment | 54,343,970 | |
| Infrastructure | 256,127,362 | |
| Accumulated depreciation | <u>(394,857,723)</u> | |
| Total capital assets | | 1,054,073,076 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of: | | |
| Property taxes receivable | 6,943,091 | |
| Special assessments receivable | 7,028 | |
| Ambulance receivables | 503,004 | |
| Delinquent foreclosure property sales | 57,316 | |
| Land sales contracts receivable | <u>364,656</u> | |
| Total long-term assets | | 7,875,095 |
| Deferred outflows of resources represent costs applicable to future periods, and therefore are not reported in the governmental funds. | | |
| Deferred charge on refunding | 4,989,713 | |
| Pension related | 4,718,354 | |
| Related to other postemployment benefits | <u>2,935,685</u> | |
| Total deferred outflows of resources | | 12,643,752 |
| Internal service funds are used by the Borough to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. | | |
| | | 26,735,626 |
| Certain deferred inflows of resources represent resources or benefits applicable to future periods and therefore are not reported in the governmental funds. | | |
| Pension related | (967,349) | |
| Related to other postemployment benefits | <u>(2,823,132)</u> | |
| | | (3,790,481) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of loan receivables earned but not yet due. | | |
| | | 6,616,267 |
| Long-term liabilities, including bonds payable, accrued leave, and net pension liability are not due and payable in the current period and, therefore, are not reported as fund liabilities. These liabilities consist of: | | |
| Bonds, notes payable and certificates of participation | (294,593,884) | |
| Unamortized bond premium | (31,129,886) | |
| FTA liability | (9,287,929) | |
| Accrued interest payable | (3,905,783) | |
| Accrued leave | (3,171,378) | |
| Net pension liability | (38,334,898) | |
| Net OPEB liability | <u>(7,891,715)</u> | |
| Total long-term liabilities | | (388,315,473) |
| Total Net Position of Governmental Activities | | \$ 907,154,654 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

| Year Ended June 30, 2019 | Major Funds | | | | | Total Governmental Funds |
|--|----------------------|--|--|--|-----------------------|--------------------------------|
| | General | School Projects Capital Project | School Buildings Debt Service | Fronteras School Debt Service | Nonmajor Funds | |
| Revenues | | | | | | |
| Taxes | \$ 110,008,434 | \$ - | \$ - | \$ - | \$ 41,191,829 | \$ 151,200,263 |
| Intergovernmental | 26,679,598 | - | - | - | 7,602,248 | 34,281,846 |
| Charges for services | 5,514,539 | - | - | - | 3,571,817 | 9,086,356 |
| Investment income | 7,610,724 | 555,513 | 169 | - | 406,467 | 8,572,873 |
| Interest on land sales | - | - | - | - | 54,373 | 54,373 |
| Other | - | - | - | 393,300 | 1,256,447 | 1,649,747 |
| Total Revenues | 149,813,295 | 555,513 | 169 | 393,300 | 54,083,181 | 204,845,458 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 22,511,853 | - | - | - | 1,134,049 | 23,645,902 |
| Public works | 4,696,380 | - | - | - | - | 4,696,380 |
| Emergency services | 10,243,170 | - | - | - | 23,967,360 | 34,210,530 |
| Public services | 3,837,354 | - | - | - | 27,900,175 | 31,737,529 |
| Education | 58,374,918 | 180,062 | - | - | - | 58,554,980 |
| Debt service | - | - | 29,155,819 | 393,300 | 6,905,126 | 36,454,245 |
| Capital outlay | - | 2,082,428 | - | - | 28,497,399 | 30,579,827 |
| Total Expenditures | 99,663,675 | 2,262,490 | 29,155,819 | 393,300 | 88,404,109 | 219,879,393 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | | |
| | 50,149,620 | (1,706,977) | (29,155,650) | - | (34,320,928) | (15,033,935) |
| Other Financing Sources (Uses) | | | | | | |
| Sale of capital assets | 20,517 | - | - | - | 14,078 | 34,595 |
| Insurance recovery | - | - | - | - | 6,000,000 | 6,000,000 |
| Loan issued | - | - | - | - | 770,977 | 770,977 |
| Transfers in | 785,527 | 13,801 | 30,278,296 | - | 53,441,775 | 84,519,399 |
| Transfers out | (53,385,080) | (7,112,460) | - | - | (24,720,156) | (85,217,696) |
| Net Other Financing Sources (Uses) | (52,579,036) | (7,098,659) | 30,278,296 | - | 35,506,674 | 6,107,275 |
| Net Change in Fund Balances | (2,429,416) | (8,805,636) | 1,122,646 | - | 1,185,746 | (8,926,660) |
| Fund Balances, beginning | 55,210,033 | 30,948,244 | 2,440,894 | - | 111,644,281 | 200,243,452 |
| Fund Balances, ending | \$ 52,780,617 | \$ 22,142,608 | \$ 3,563,540 | \$ - | \$ 112,830,027 | \$ 191,316,792 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Reconciliation of Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2019

| | | |
|--|----------------|----------------|
| Net change in fund balances - total governmental funds | | \$ (8,926,660) |
| The change in net position reported for governmental activities in the Statement of Activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$30,578,615) exceeded depreciation (\$24,023,570). | | |
| | 6,555,045 | |
| The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position | | |
| | (109,308) | |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Decrease in delinquent property taxes | \$ (3,314,487) | |
| Increase in delinquent ambulance revenue | 358,318 | |
| Decrease in deferred inflows of resources - loan receivables | (150,489) | |
| Increase in special assessments | 277 | |
| Decrease in deferred land sales receivable | (73,017) | |
| | (3,179,398) | |
| The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items: | | |
| Decrease in deferred charge on bonds | (616,743) | |
| Decrease in unamortized bond premium | 2,615,112 | |
| Issuance of new loans | (770,977) | |
| Payments on debt principal | 22,340,104 | |
| | 23,567,496 | |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Increase in accrued leave | (224,865) | |
| Decrease in accrued interest payable | 897,743 | |
| Net decrease in net pension liability and related deferred accounts | 1,169,715 | |
| Net increase in net OPEB liability and related deferred accounts | (6,942) | |
| | 1,835,651 | |
| Internal service funds are used by management to charge the costs of insurance to individual funds. Net income of these activities is reported with governmental activities. | | |
| | 838,552 | |
| Change in Net Position of Governmental Activities | | \$ 20,581,378 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

General Fund

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual

| <i>Year Ended June 30, 2019</i> | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|-----------------------|------------------------|----------------------|----------------------------------|
| Revenues | | | | |
| Taxes | \$ 111,282,530 | \$ 111,282,530 | \$ 110,008,434 | \$ (1,274,096) |
| Intergovernmental | 23,951,047 | 23,951,047 | 26,679,598 | 2,728,551 |
| Charges for services | 6,081,400 | 6,081,400 | 5,514,539 | (566,861) |
| Investment income | 450,000 | 450,000 | 7,610,724 | 7,160,724 |
| Total Revenues | 141,764,977 | 141,764,977 | 149,813,295 | 8,048,318 |
| Expenditures | | | | |
| General government | 26,392,723 | 26,181,536 | 22,511,853 | 3,669,683 |
| Public works | 5,142,369 | 5,151,369 | 4,696,380 | 454,989 |
| Emergency services | 13,571,922 | 13,328,422 | 10,243,170 | 3,085,252 |
| Public services | 4,551,479 | 4,551,479 | 3,837,354 | 714,125 |
| Education | 58,374,918 | 58,374,918 | 58,374,918 | - |
| Total Expenditures | 108,033,411 | 107,587,724 | 99,663,675 | 7,924,049 |
| Excess of Revenues Over Expenditures | 33,731,566 | 34,177,253 | 50,149,620 | 15,972,367 |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 15,000 | 15,000 | 20,517 | 5,517 |
| Transfers in | 200,737 | 200,737 | 785,527 | 584,790 |
| Transfers out | (43,042,870) | (53,371,234) | (53,385,080) | (13,846) |
| Net Other Financing Uses | (42,827,133) | (53,155,497) | (52,579,036) | 576,461 |
| Net Change in Fund Balance | \$ (9,095,567) | \$ (18,978,244) | (2,429,416) | \$ 16,548,828 |
| Fund Balance, beginning | | | 55,210,033 | |
| Fund Balance, ending | | | \$ 52,780,617 | |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Exhibit D-1

Proprietary Funds
Statement of Net Position

| <i>June 30, 2019</i> | Major Enterprise Funds | | Total Enterprise Funds | Internal Service Funds |
|--|------------------------|----------------------|------------------------------|------------------------------|
| | Solid Waste | Port | | |
| Assets and Deferred Outflows of Resources | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 9,443,605 | \$ - | \$ 9,443,605 | \$ 28,414,016 |
| Receivables: | | | | |
| Accounts | 575,336 | - | 575,336 | - |
| Allowance for doubtful accounts | (7,090) | - | (7,090) | - |
| Interfund loans receivable | - | - | - | 47,466 |
| Intergovernmental | 489,328 | - | 489,328 | - |
| Deposits with others | - | - | - | 25,000 |
| Total Current Assets | 10,501,179 | - | 10,501,179 | 28,486,482 |
| Noncurrent Assets | | | | |
| Restricted cash and investments - landfill closure | 2,543,212 | - | 2,543,212 | - |
| Interfund loans receivable - long-term | - | - | - | 433,719 |
| Property, plant and equipment: | | | | |
| Buildings | 8,129,593 | 7,948,617 | 16,078,210 | - |
| Improvements other than buildings | 1,941,119 | - | 1,941,119 | - |
| Equipment | 3,283,624 | 64,024 | 3,347,648 | - |
| Landfill cells | 13,487,797 | - | 13,487,797 | - |
| Infrastructure | - | 33,321,302 | 33,321,302 | - |
| Construction in progress | 682,158 | - | 682,158 | - |
| Total property, plant and equipment | 27,524,291 | 41,333,943 | 68,858,234 | - |
| Accumulated depreciation and amortization | (13,349,792) | (12,440,167) | (25,789,959) | - |
| Net property, plant and equipment | 14,174,499 | 28,893,776 | 43,068,275 | - |
| Total Noncurrent Assets | 16,717,711 | 28,893,776 | 45,611,487 | 433,719 |
| Total Assets | 27,218,890 | 28,893,776 | 56,112,666 | 28,920,201 |
| Deferred Outflows of Resources | | | | |
| Pension related | 203,696 | 79,579 | 283,275 | - |
| Related to other postemployment benefits | 125,715 | 9,648 | 135,363 | - |
| Unamortized deferred loss on bonds | - | 153,254 | 153,254 | - |
| Total Deferred Outflows of Resources | 329,411 | 242,481 | 571,892 | - |
| Total Assets and Deferred Outflows of Resources | \$ 27,548,301 | \$ 29,136,257 | \$ 56,684,558 | \$ 28,920,201 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Net Position, continued

| <i>June 30, 2019</i> | Major Enterprise Funds | | Total Enterprise Funds | Internal Service Funds |
|--|------------------------|----------------------|------------------------------|------------------------------|
| | Solid Waste | Port | | |
| Liabilities, Deferred Inflows of Resources and Net Position | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 444,068 | \$ 37,380 | \$ 481,448 | \$ - |
| Accrued leave | 101,383 | 6,225 | 107,608 | - |
| Due to other funds | - | 6,824,588 | 6,824,588 | - |
| Accrued interest payable | 8,628 | 43,521 | 52,149 | - |
| Current portion: | | | | |
| General obligation bonds | - | 580,000 | 580,000 | - |
| Loans payable | 327,391 | - | 327,391 | 20,066 |
| Insurance claims incurred but not reported and claims payable | - | - | - | 1,969,191 |
| Total Current Liabilities | 881,470 | 7,491,714 | 8,373,184 | 1,989,257 |
| Noncurrent Liabilities | | | | |
| General obligation bonds payable, net of premium | - | 2,818,637 | 2,818,637 | - |
| Interfund loan payable | - | 2,671,895 | 2,671,895 | - |
| Loans payable | 10,245,069 | - | 10,245,069 | 195,318 |
| Lease credits payable | - | 1,310,978 | 1,310,978 | - |
| Net pension liability | 1,623,275 | 383,649 | 2,006,924 | - |
| Net other postemployment benefits liability | 332,036 | 28,307 | 360,343 | - |
| Landfill closure costs payable | 6,071,567 | - | 6,071,567 | - |
| Total Noncurrent Liabilities | 18,271,947 | 7,213,466 | 25,485,413 | 195,318 |
| Total Liabilities | 19,153,417 | 14,705,180 | 33,858,597 | 2,184,575 |
| Deferred Inflows of Resources | | | | |
| Related to pensions | 37,680 | 7,472 | 45,152 | - |
| Related to other postemployment benefits | 117,839 | 10,504 | 128,343 | - |
| Total Deferred Inflows of Resources | 155,519 | 17,976 | 173,495 | - |
| Net Position | | | | |
| Net investment in capital assets | 3,602,039 | 25,648,393 | 29,250,432 | - |
| Unrestricted (deficit) | 4,637,326 | (11,235,292) | (6,597,966) | 26,735,626 |
| Total Net Position | 8,239,365 | 14,413,101 | 22,652,466 | 26,735,626 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 27,548,301 | \$ 29,136,257 | \$ 56,684,558 | \$ 28,920,201 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

| Year Ended June 30, 2019 | Major Enterprise Funds | | Total Enterprise Funds | Internal Service Funds |
|---|------------------------|----------------------|------------------------|------------------------|
| | Solid Waste | Port | | |
| Operating Revenues | | | | |
| Intragovernmental | \$ - | \$ - | \$ - | \$ 9,267,341 |
| Charges for services | 9,481,543 | 13,816 | 9,495,359 | - |
| Interest on loans | - | - | - | 683 |
| Employee contributions | - | - | - | 1,059,358 |
| Total Operating Revenues | 9,481,543 | 13,816 | 9,495,359 | 10,327,382 |
| Operating Expenses | | | | |
| Landfill operations | 3,314,024 | - | 3,314,024 | - |
| Transfer sites | 2,951,347 | - | 2,951,347 | - |
| Dock operations | - | 1,982,509 | 1,982,509 | - |
| Claims | - | - | - | 8,081,233 |
| Depreciation and amortization | 507,983 | 1,116,048 | 1,624,031 | - |
| Administrative fees | 59,926 | - | 59,926 | 1,179,609 |
| Premium | - | - | - | 252,137 |
| Total Operating Expenses | 6,833,280 | 3,098,557 | 9,931,837 | 9,512,979 |
| Operating Income (Loss) | 2,648,263 | (3,084,741) | (436,478) | 814,403 |
| Nonoperating Revenues (Expenses) | | | | |
| Intergovernmental - State sources: | | | | |
| PERS relief | 2,640 | (2,750) | (110) | - |
| Debt service reimbursement - interest | - | 116,066 | 116,066 | - |
| Gain on disposal of capital assets | 10,749 | 2,751 | 13,500 | - |
| Interest income | 13,708 | - | 13,708 | 24,832 |
| Interest expense | (83,838) | (116,066) | (199,904) | - |
| Net Nonoperating Revenues (Expenses) | (56,741) | 1 | (56,740) | 24,832 |
| Income (Loss) Before Capital Contributions and Transfers | | | | |
| | 2,591,522 | (3,084,740) | (493,218) | 839,235 |
| Capital contributions | - | 603,665 | 603,665 | - |
| Transfers in | - | 700,000 | 700,000 | - |
| Transfers out | - | (1,020) | (1,020) | (683) |
| Change in Net Position | 2,591,522 | (1,782,095) | 809,427 | 838,552 |
| Net Position, beginning | 5,647,843 | 16,195,196 | 21,843,039 | 25,897,074 |
| Net Position, ending | \$ 8,239,365 | \$ 14,413,101 | \$ 22,652,466 | \$ 26,735,626 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Proprietary Funds
Statement of Cash Flows

| Year Ended June 30, 2019 | Major Enterprise Funds | | Total Enterprise Funds | Internal Service Funds |
|---|------------------------|-----------------------|------------------------|------------------------|
| | Solid Waste | Port | | |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 9,987,068 | \$ 9,943 | \$ 9,997,011 | \$ - |
| Receipts from employees and other | - | - | - | 1,083,262 |
| Payments to suppliers | (3,370,872) | (1,932,567) | (5,303,439) | - |
| Payments to employees | (2,270,779) | (145,062) | (2,415,841) | - |
| Payments for interfund services (used) provided | (59,926) | - | (59,926) | 9,267,341 |
| Principal payments received on loans | - | - | - | 77,167 |
| Interest payments received on loans | - | - | - | 683 |
| Principal payments on loans payable | - | - | - | (19,768) |
| Payments for claims and services | - | - | - | (9,219,550) |
| Net cash flows from (for) operating activities | 4,285,491 | (2,067,686) | 2,217,805 | 1,189,135 |
| Cash Flows from (for) Noncapital Financing Activities | | | | |
| Interfund loan paid | - | (21,593) | (21,593) | - |
| Transfers in | - | 700,000 | 700,000 | - |
| Transfers out | - | (1,020) | (1,020) | (683) |
| Net cash flows for noncapital financing activities | - | 677,387 | 677,387 | (683) |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Purchases of property, plant and equipment | (5,245,155) | - | (5,245,155) | - |
| Sales of capital assets | 10,749 | 2,751 | 13,500 | - |
| Loans proceeds received | 4,037,845 | - | 4,037,845 | - |
| Capital contributions received | - | 603,665 | 603,665 | - |
| Principal and interest paid on bonds and loans | (407,140) | (712,512) | (1,119,652) | - |
| Debt service reimbursement | - | 116,066 | 116,066 | - |
| Increase (decrease) in due to General Fund | - | 1,380,329 | 1,380,329 | - |
| Net cash flows from (for) capital and related financing activities | (1,603,701) | 1,390,299 | (213,402) | - |
| Cash Flows from Investing Activities - interest income | 13,708 | - | 13,708 | 24,832 |
| Net Increase in Cash and Investments | 2,695,498 | - | 2,695,498 | 1,213,284 |
| Cash and Investments, beginning of year | 9,291,319 | - | 9,291,319 | 27,200,732 |
| Cash and Investments, end of year | \$ 11,986,817 | \$ - | \$ 11,986,817 | \$ 28,414,016 |
| Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities | | | | |
| Operating income (loss) | \$ 2,648,263 | \$ (3,084,741) | \$ (436,478) | \$ 814,403 |
| Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities: | | | | |
| Depreciation and amortization | 507,983 | 1,116,048 | 1,624,031 | - |
| Lease credits exercised | - | (3,873) | (3,873) | - |
| Noncash expense - PERS relief | 2,640 | (2,750) | (110) | - |
| (Increase) decrease in assets and deferred outflows of resources: | | | | |
| Accounts receivable | 505,525 | - | 505,525 | - |
| Loans receivable | - | - | - | 77,167 |
| Deferred outflows of resources - pension related | (20,737) | (1,459) | (22,196) | - |
| Deferred outflows of resources related to other postemployment benefits | (84,835) | (5,969) | (90,804) | - |
| Increase (decrease) in liabilities and deferred inflows of resources: | | | | |
| Accounts payable | 62,939 | (88,372) | (25,433) | - |
| Accrued leave | 749 | (448) | 301 | - |
| Landfill closure costs payable | 607,860 | - | 607,860 | - |
| Deposits with others | - | - | - | 23,905 |
| Loans payable | - | - | - | (19,768) |
| Insurance claims incurred but not reported and claims payable | - | - | - | 293,428 |
| Net pension liability | 42,520 | 2,992 | 45,512 | - |
| Net other postemployment benefits liability | 80,051 | 5,633 | 85,684 | - |
| Deferred inflows of resources - pension related | (72,552) | (5,105) | (77,657) | - |
| Deferred inflows of resources related to other postemployment benefits | 5,085 | 358 | 5,443 | - |
| Net Cash Flows from (for) Operating Activities | \$ 4,285,491 | \$ (2,067,686) | \$ 2,217,805 | \$ 1,189,135 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska
Agency Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2019

Assets

| | | |
|--------------------------------|-----------|------------------|
| Cash and investments | \$ | 231,480 |
| Property taxes receivable: | | |
| Real | | 85,712 |
| Personal | | 9,965 |
| Special assessments receivable | | 771,856 |
| Advances to others | | 154,355 |
| Total Assets | \$ | 1,253,368 |

Liabilities

| | | |
|-----------------------------------|-----------|------------------|
| Accounts payable | \$ | 1,415 |
| Deposits | | 663,617 |
| Taxes collected in advance | | 95,677 |
| Bonds payable - gas lines | | 428,459 |
| Bonds payable - road improvements | | 35,500 |
| Bonds payable - water | | 28,700 |
| Total Liabilities | \$ | 1,253,368 |

See accompanying notes to basic financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements

June 30, 2019

1. Summary of Significant Accounting Policies

The Matanuska-Susitna Borough (Borough) was incorporated January 1, 1964, under the provisions of Alaska Statutes, Title 29, as amended, as a second-class borough. The Borough operates under an assembly/manager form of government and provides the following services: general administrative, education, planning and zoning, animal care and regulation and, as approved by the citizens, road services, fire services, library, sanitary landfill and flood control.

The accounting policies of the Borough conform to accounting principles generally accepted in the United States of America, as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The financial statements of the reporting entity include those of the Borough (primary government) and its discretely presented component unit, the Matanuska-Susitna Borough School District (School District). The School District is responsible for elementary and secondary education within the Borough. The members of the School Board are elected by the voters; however, the Borough is financially accountable for the School District. The School District is required by Borough Code to submit an annual budget to the Matanuska-Susitna Borough Assembly (Assembly) for approval and is prohibited from incurring expenditures or obligations in excess of the maximum amount approved by the Assembly. The School District is fiscally dependent upon the Borough because the Assembly approves the total annual School District budget, levies the necessary taxes to pay the required local contribution, and approves the issuance of any bonded debt, and is ultimately responsible for payment of such bonded debt. The financial data of the School District is included in the Borough's financial statements and is accounted for as a discretely presented component unit.

The School District is reported in a separate column of the government-wide financial statements to emphasize that it is legally separate from the Borough. Copies of the School District's independent financial statements may be requested from the School District at 501 North Gulkana St., Palmer, Alaska, 99645.

No other entities exist in which the Borough has accountability for fiscal matters, scope of public services or special financing relationships.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the Borough and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds under accounting principles generally accepted in the United States of America. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services and to other Borough departments for services provided. Operating expenses for the proprietary funds include the costs of service, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. *Measurable* means that amounts can be reasonably determined within the current period. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accrued leave, pension and other postemployment benefits are recorded when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. The issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property and other taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period. All other revenue items are considered to be measurable and available only when received by the government.

The Fiduciary Fund Type is accounted for on a basis consistent with the fund's accounting measurement objective. Agency Fund assets and liabilities are accounted for on the accrual basis of accounting.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The Borough reports the following major funds:

Major Governmental Funds

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *School Projects Capital Project Fund* accounts for activities relating to the construction, renovation, and renewal of school facilities throughout the Borough.

The *School Buildings Debt Service Fund* accounts for activities relating to the issuance and servicing of general obligation debt associated with school facilities.

The *Fronteras School Debt Service Fund* accounts for activities relating to the servicing of a note payable to the U.S. Department of Agriculture and receipt of lease payments associated with the Fronteras Charter School.

Major Proprietary Funds

The *Port Enterprise Fund* accounts for activities relating to operations of the port.

The *Solid Waste Enterprise Fund* accounts for activities relating to operations of the Borough's sanitary landfill.

In addition, the Borough reports the following fund types:

Governmental Fund Types

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The Debt Service Funds are used to account for the accumulation of resources for and the payment of general long-term obligation principal, interest and related costs.

Capital Project Fund - Capital Project Funds are used to account for financing resources to be used for acquisition or construction of major capital facilities.

Proprietary Fund Type

Internal Service Funds - The Borough reports on seven Internal Service Funds. Three of the funds make low interest loans to other funds of the Borough and the other four account for self-insurance activities involving health, unemployment, workers' compensation, and property and casualty insurance.

Fiduciary Fund Type

Agency Funds - The Borough reports on two Agency Funds. The Property Tax Agency Fund accounts for property taxes collected on behalf of other cities within the Borough. The Road, Gas Line and Community Water Agency Fund accounts for monies collected from property owners by the Borough for construction of a natural gas pipeline and community water distribution system and for the paving of roads.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the disclosure of contingent assets and liabilities balances at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Borough follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to or on the third Tuesday of April, the Borough Manager submits to the Assembly a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to June 1, the budget is legally enacted through passage of an ordinance by the Borough Assembly.
- d. The Borough Manager is authorized to transfer budgeted amounts within a department within any fund; however, any revisions that alter the total budget of any department of any fund or the total expenditures of any fund must be approved by the Assembly. Expenditures may not legally exceed appropriations at the department level. Appropriations lapse at year-end for all funds except capital project funds.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. The General Fund and Special Revenue Funds have legally adopted annual budgets.
- f. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended, by the Assembly.

Statement of Cash Flows

For purposes of the statement of cash flows, the Borough has defined cash as demand deposits and all investments maintained in the cash management pool, regardless of maturity period, since various funds use the cash management pool essentially as a demand deposit account.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the government-wide and enterprise fund financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Borough are depreciated using the straight-line method over the following estimated useful lives:

| | Years |
|-----------------------------------|-------|
| Buildings and improvements | 30-40 |
| Improvements other than buildings | 15-40 |
| Equipment | 5 |
| Landfill cells | 10 |
| Infrastructure | 20-30 |

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items are recorded as expenditures or expenses during the period benefitted by the prepayment (consumption method).

Inventories

Inventories consist mostly of fuel and medical supplies. Inventories are stated at cost (first-in, first-out) and recorded as expenditures or expenses when used (consumption method).

Restricted Assets

Restricted cash and investments are held in capital project and debt service funds, and are restricted because their use is limited by bond covenant or grant agreement to the construction of capital assets.

Accounts Receivable and Unearned Revenue

Amounts received from grantor agencies which are restricted as to use and have not been expended for the intended use are shown as unearned revenue. All trade and tax receivables are shown net of an allowance for uncollectible accounts, determined by historical experience. Ambulance receivable allowance is recorded at 30 percent, based on historical recoveries.

Accrued Leave

The liability reported for accrued leave time reported in the government-wide and proprietary statements consists of unpaid, vested annual leave. A liability for accrued leave is reported in the governmental funds only if it has "matured" such as upon employee resignation or retirement.

Long-term Debt

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds on a straight-line basis, which approximates the effective interest rate method. Bonds payable as reported include amounts of unamortized bond premiums or discounts.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issues are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments on debt are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to future period(s) and will not be recognized as an inflow of resources (revenues) until that time. Deferred outflows of resources reported in the government-wide statements consist of deferred charges on debt refundings as well as certain pension and OPEB related accounts. Deferred inflows of resources reported on the government-wide statements consist of property taxes received in advance as well as certain pension and OPEB related accounts, while, deferred inflows of resources reported on the governmental funds consist of long-term payments due on special assessments, land sales, leases receivable, delinquent property taxes, ambulance receivables and foreclosure property sales.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Interfund Balances and Interfund Transfers

During the course of operations, Matanuska-Susitna Borough has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and interfund loans to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Fund Balance and Fund Balance Flow Assumptions

In the fund financial statements, governmental funds report amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items, inventories; and long-term receivables or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by official action, through ordinance, of the Borough's Assembly, the Borough's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Borough Assembly removes the constraint through a subsequent formal modification or rescinding action.

Assigned fund balance. This classification reflects the amounts constrained by the Borough's "intent" to be used for specific purposes, but are neither restricted nor committed. The Borough Assembly has delegated authority to the Manager to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Borough's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Net Position and Net Position Flow Assumptions

Net position represents the residual interest in the Borough's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consists of three components: net investment in capital assets, restricted, and unrestricted net position. Net investment in capital assets includes capital assets, net of accumulated depreciation, reduced by outstanding debt incurred to acquire, construct, or improve those capital assets, excluding unexpended proceeds. The restricted category represents the balance of assets restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Sometimes the Borough will fund outlays for a purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Borough's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Encumbrances

The Borough practices encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. All appropriations lapse at year end, except those in capital project funds. Any encumbrances outstanding at year end in the capital project funds are reported as appropriate constraints of fund balances if they meet the definitions and criteria as outlined above.

Deferred Compensation

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all permanent Borough employees, permits them to defer a portion of their current salary until future years. The Borough has determined that a fiduciary relationship does not exist between it and the IRC Section 457 deferred compensation plan and therefore, the deferred compensation plan is not reported in the Borough's financial statements.

2. Cash and Investments

Except for certain restricted items, the Borough accounts for its cash and investments in a central treasury. The School District also participates in the central treasury for its operating cash and investments. Negative cash amounts have been reclassified to "due to other funds." Borough cash deposits are comprised of demand accounts, primarily checking, savings, and cash management accounts.

Investments

Investments are allowed as follows: Obligations of, or obligations guaranteed by the United States or any agency or instrumentality of the United States; Obligations of government-sponsored agencies, including mortgage securities; Repurchase agreements; Certificates of deposit and other deposits at banks and credit unions (subject to insurance and collateralization provisions); Money market mutual funds; Taxable general obligation bonds of municipalities, boroughs or states with ratings of AA or higher; the Alaska Municipal League Investment Pool (AMLIP); and various other instruments.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the Borough's deposit and investment balances to the financial statements as of June 30, 2019.

| | Pooled Cash and Investments | School Accounts | Totals |
|-----------------------------------|--------------------------------|---------------------|-----------------------|
| Bank deposits | \$ 7,617,125 | \$ 4,952,572 | \$ 12,569,697 |
| Investments | 245,498,975 | - | 245,498,975 |
| Total Cash and Investments | \$ 253,116,100 | \$ 4,952,572 | \$ 258,068,672 |

Reconciliation to the basic financial statements:

| | Borough Accounts | School Accounts | Totals |
|---|-----------------------|---------------------|-----------------------|
| Primary government cash and investments | \$ 197,303,263 | \$ - | \$ 197,303,263 |
| Restricted cash | 27,994,824 | - | 27,994,824 |
| Agency funds | 231,480 | - | 231,480 |
| School District | 27,586,533 | 4,952,572 | 32,539,105 |
| Total Cash and Investments | \$ 253,116,100 | \$ 4,952,572 | \$ 258,068,672 |

Interest Rate Risk

To limit exposure to declines in fair values of investments, Borough policy requires that investments be limited to "shorter-term" securities, money market mutual funds, or the AMLIP. Policy generally requires maturity dates of five years or less, although under certain conditions, the Borough may invest in securities with maturity dates exceeding five years.

Investment maturities at June 30, 2019 are as follows:

| | Amount | Investment Maturity (in years) | | |
|----------------------------|-----------------------|--------------------------------|---------------|-------------|
| | | Less than 1 | 1-5 | More than 5 |
| Investment Type | | | | |
| U.S. government agencies | \$ 110,721,710 | \$ 24,990,831 | \$ 85,730,879 | \$ - |
| U.S. treasuries | 40,091,763 | 9,149,471 | 30,942,292 | - |
| Money market funds | 4,754,519 | | | |
| Pooled investments (AMLIP) | 89,930,983 | | | |
| Total Investments | \$ 245,498,975 | | | |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. All of the U.S. government agency investments are rated AA+ by Standard and Poor's. In addition, all of the money market funds are rated AAAM by Standard and Poor's. To minimize credit risk, the Borough's investments are limited to those discussed above, under "Investments."

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Concentration of Credit Risk

The Borough places no limit on the amount it may invest in any one issuer. The Borough has no investments from any one issuer that represents 5% or more of the total investments other than securities issued by the U.S. Treasury Department and various U.S. Federal Agencies, including Federal Home Loan Bank with 10%, Federal Farm Credit Bank with 17% and Fannie Mae with 10%.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure to custodial credit risk, Borough policy requires that all deposits and investments be fully insured or collateralized.

Fair Value Measurement

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of June 30, 2019:

\$4,754,519 of money market funds which are actively traded in open markets and have clearly observable market prices. Investments of investment this type made by the Borough are reported at fair value subject to Level 1 inputs.

U.S. government agencies securities of \$110,721,710 and U.S. Treasury securities of \$40,091,763 are valued by surveys of the dealer community, relevant trade data, benchmark quotes and spreads, as determined by observed market data (Level 2 inputs).

Pooled Investments

The Borough maintains a \$89,930,983 investment in the AMLIP investment pool. Balances in AMLIP are reported at amortized cost which is believed by management to approximate fair value of the investment. The AMLIP is an external investment pool, which is rated AAAM by Standard and Poor's Corporation for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. On a monthly basis the investments in the pool are reviewed for fair value by an independent pricing service. The values of investments in the AML pool are approximately equal to fair value.

3. Fund Balance Policy

The Borough has established, through Code Ordinance, a minimum fund balance/stabilization policy. MSB 3.04.095(A), as amended, sets out a minimum fund balance in the amount of 22.2% of all annual budgeted operating expenditures of the Borough, exclusive of the School District, or \$25 million, whichever is less. This minimum fund balance is established for the purpose of maintaining the Borough's credit worthiness, providing liquidity and protecting essential Borough programs and requirements during periods of economic downturn or catastrophic loss. The fund balance policy was originally established in 2003 and since that time, there have been no qualifying events for use of these funds.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 unless deferred by Assembly action and are payable in two installments in August and February. The Borough bills and collects its own property taxes and also the property taxes for the cities of Palmer, Wasilla, and Houston. Collection of the taxes and remittance of them to the cities are accounted for in the Property Tax Agency Fund. Property tax revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available (collected within sixty days after year-end) to finance expenditures of the fiscal period.

5. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2019, consisted of the following:

Due to the General Fund From

| | |
|---|---------------------|
| Port Enterprise Fund for advances for operating and capital costs | \$ 6,824,588 |
| Nonmajor Fund for advances for operating costs | 239,962 |
| <hr/> | |
| Total Due to the General Fund | \$ 7,064,550 |

In 2016, the Port Enterprise Fund received an interest-free loan of \$4,493,488 from the Land Management Fund. In 2018, a payment in the amount of \$2,250,000 was repaid. In 2019, a payment in the amount of \$21,593 was made, leaving an aggregate balance due of \$2,221,895. Management intends for the Port Enterprise Fund to repay the Land Management Fund when financially able.

In 2017, the Port Enterprise Fund received an interest-free loan of \$450,000 from the General Fund to cover Port operations. Management intends for the Port to repay the General Fund when financially able.

In 2019, the General Fund received a \$1,285,000 loan from the Central Mat-Su Fire Service Area Fund. The loan was made to fund real property and improvements purchases made by the Emergency Services Department within the General Fund. As of June 30, 2019, the total balance was \$1,285,000. The loan is to be repaid over a 10-year term at an interest rate of 0.25% (Borough approved rate for interfund loans). 10 annual payments of \$128,500 are due, with the option to pay the outstanding loan balance prior to the end of the term.

In 2007, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for the purpose of constructing a salted sand storage building. Ordinance 06-065 authorized the Borough to enter into the loan which will be paid back by various road service areas. For administrative purposes, the loan was recorded in its entirety in the Road Service Area Revolving Loan Fund with associated interfund loans receivable from the applicable Road Service Area Funds. Loan payments are due in twenty annual installments of \$12,756 to \$16,926, plus interest at 1.5% through August 8, 2027. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough. See Note 8 for more information on the loan payable.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Under a similar arrangement in 2010, the Borough entered into a loan agreement with the Alaska Department of Environmental Conservation for Talkeetna Community Water Upgrades. Ordinances 09-166 and 10-012 authorized the Borough to enter into the loan which will be paid back by the Talkeetna Water and Sewer Special Revenue Fund. For administrative purposes, the loan was recorded in its entirety in the Service Area Operating Revolving Loan Fund with the associated interfund loan receivable from Talkeetna Water and Sewer Special Revenue Fund. Loan payments are due in twenty annual installments of \$4,541 to \$6,025, plus interest at 1.5% through March 1, 2032. Repayment terms to the Revolving Loan Fund will mirror those between ADEC and the Borough. See Note 9 for more information on the loan payable.

Amounts distributed at June 30, 2019 were as follows:

| | | |
|---|----|--------|
| Road Service Area 9 - Midway Road | \$ | 19,434 |
| Road Service Area 14 - Fairview Road | | 11,419 |
| Road Service Area 16 - South Colony | | 41,899 |
| Road Service Area 19 - Lazy Mountain | | 230 |
| Road Service Area 23 - North Colony | | 5,171 |
| Road Service Area 25 - Bogard Road | | 38,839 |
| Road Service Area 26 - Greater Butte Road | | 2,183 |
| Road Service Area 28 - Gold Trail Road | | 23,413 |
| Road Service Area 31 - Alpine Road | | 1,048 |

| | | |
|---|--|---------|
| Total loans payable from Road Service Areas for ADEC Loan | | 143,636 |
|---|--|---------|

| | | |
|---|----|--------|
| Loan Payable from Talkeetna Water and Sewer for ADEC Loan | \$ | 71,748 |
|---|----|--------|

Interfund loans receivable and payable, representing long-term loans at June 30, 2019 with established payment terms, consisted of amounts payable to the Revolving Loan Internal Service Funds from the following special revenue funds:

Loans payable with established payment terms:

| | | |
|---|----|---------|
| \$180,000 Service Area 131 - Circle View revolving loan, due in annual installments of \$6,000, plus interest approved by the Assembly through 2035 | \$ | 96,000 |
| \$214,000 Service Area 36 - Talkeetna Water and Sewer revolving loan, due in annual installments of \$21,400, plus interest as approved by the Assembly, through 2026 | | 149,800 |
| \$200,000 Willow Fire Service Area 35 - Capital equipment revolving loan, due in annual installments of \$40,000, plus interest as approved by Assembly, through 2021 | | 20,000 |

| | | |
|---|--|---------|
| Total loans payable to other funds with established payment terms | | 265,800 |
|---|--|---------|

| | | |
|--|----|---------|
| Total Loans Payable To Revolving Loan Internal Service Funds | \$ | 481,184 |
|--|----|---------|

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Transfers to/from other funds for the year ended June 30, 2019 are detailed below. Transfers are generally authorized for 1) operating subsidy, 2) capital acquisitions and/or grant match, 3) debt service, or return of capital.

From the General Fund to:

| | |
|--------------------------------------|---------------|
| School Buildings Debt Service Fund | \$ 29,160,000 |
| Port Enterprise Fund | 700,000 |
| School Projects Capital Project Fund | 13,801 |
| Nonmajor governmental funds | 23,511,279 |

Total transfers out of General Fund 53,385,080

From School Projects Capital Project Fund to:

| | |
|------------------------------------|-----------|
| School Buildings Debt Service Fund | 1,118,296 |
| Other nonmajor governmental funds | 5,951,216 |
| General Fund | 42,948 |

Total transfers out of School Projects Capital Project Fund 7,112,460

From Nonmajor Governmental Funds to:

| | |
|-----------------------------------|------------|
| General Fund | 740,876 |
| Other nonmajor governmental funds | 23,979,280 |

Total transfers out of nonmajor governmental funds 24,720,156

From Port Enterprise Fund to General Fund 1,020

From Revolving Loan Internal Service Fund to General Fund 683

Total Transfers \$ 85,219,399

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

6. Capital Assets

Capital asset activity for the year ended June 30, 2019 follows:

| Governmental Activities | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--|-------------------------|----------------------|---------------------|--------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land and land improvements | \$ 19,820,436 | \$ 213,138 | \$ 24,901 | \$ 20,008,673 |
| Rights of way | 79,575,206 | 366,210 | - | 79,941,416 |
| Construction in progress | 273,088,550 | 27,512,420 | 66,347,216 | 234,253,754 |
| Total capital assets not being depreciated | 372,484,192 | 28,091,768 | 66,372,117 | 334,203,843 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 724,479,141 | 30,229,096 | - | 754,708,237 |
| Improvements other than buildings | 38,523,240 | 11,024,147 | - | 49,547,387 |
| Equipment | 52,370,588 | 3,612,845 | 1,639,463 | 54,343,970 |
| Infrastructure | 232,861,109 | 24,078,151 | 811,898 | 256,127,362 |
| Total capital assets being depreciated | 1,048,234,078 | 68,944,239 | 2,451,361 | 1,114,726,956 |
| Less accumulated depreciation for: | | | | |
| Buildings | 195,115,032 | 13,765,876 | - | 208,880,908 |
| Improvements other than buildings | 11,154,684 | 1,483,196 | - | 12,637,880 |
| Equipment | 34,670,188 | 3,152,287 | 1,444,880 | 36,377,595 |
| Infrastructure | 132,151,027 | 5,622,211 | 811,898 | 136,961,340 |
| Total accumulated depreciation | 373,090,931 | 24,023,570 | 2,256,778 | 394,857,723 |
| Total capital assets being depreciated, net | 675,143,147 | 44,920,669 | 194,583 | 719,869,233 |
| Governmental Activities | | | | |
| Capital Assets, net | \$ 1,047,627,339 | \$ 73,012,437 | \$66,566,700 | \$ 1,054,073,076 |

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

| Business-type Activities | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--|-------------------------|---------------------|----------------|--------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Construction in progress | \$ 141,217 | \$ 540,941 | - | \$ 682,158 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 16,078,210 | - | - | 16,078,210 |
| Improvements other than buildings | 1,941,119 | - | - | 1,941,119 |
| Equipment | 2,849,054 | 609,273 | 110,679 | 3,347,648 |
| Landfill cells | 9,905,087 | 3,582,710 | - | 13,487,797 |
| Infrastructure | 33,321,302 | - | - | 33,321,302 |
| Total capital assets being depreciated | 64,094,772 | 4,191,983 | 110,679 | 68,176,076 |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,298,871 | 537,988 | - | 3,836,859 |
| Improvements other than buildings | 976,336 | 51,339 | - | 1,027,675 |
| Equipment | 1,614,553 | 188,151 | 110,679 | 1,692,025 |
| Landfill cells | 8,701,561 | - | - | 8,701,561 |
| Infrastructure | 9,685,286 | 846,553 | - | 10,531,839 |
| Total accumulated depreciation | 24,276,607 | 1,624,031 | 110,679 | 25,789,959 |
| Total capital assets being depreciated, net | 39,818,165 | 2,567,952 | - | 42,386,117 |
| Business-type Activities Capital | | | | |
| Assets, net | \$ 39,959,382 | \$ 3,108,893 | - | \$ 43,068,275 |

Depreciation expense was charged to the functions as follows for the year ended June 30, 2019:

| | Depreciation |
|---------------------------------------|----------------------|
| Governmental Activities | |
| General government | \$ 777,943 |
| Public works | 631,027 |
| Public services | 6,898,354 |
| Emergency services | 3,726,098 |
| Education | 11,990,148 |
| Total Governmental Activities | \$ 24,023,570 |
| Business-type Activities | |
| Solid waste | \$ 507,983 |
| Port | 1,116,048 |
| Total Business-type Activities | \$ 1,624,031 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Capital projects authorized or in progress are as follows:

| | Project Authorization | Expended | Fund Balance Available |
|----------------------------------|-----------------------|------------------|------------------------|
| School projects | \$ 735,504,671 | \$ 720,612,427 | \$ 22,142,608 |
| Road service area repairs | 179,110,126 | 165,224,320 | 18,148,786 |
| Sewage facility | 24,887,329 | 15,971,934 | 185,181 |
| Fire protection | 119,505,781 | 108,698,176 | 11,056,351 |
| Sanitary landfills | 39,048,227 | 31,397,548 | 1,055,711 |
| Ambulance and emergency services | 61,400,225 | 45,511,289 | 12,872,214 |
| Roads and bridges | 179,600,670 | 174,793,223 | 2,300,470 |
| Borough facilities | 74,987,478 | 68,476,952 | 4,042,614 |
| Cultural and recreational | 41,035,850 | 31,565,125 | 8,932,721 |
| Port | 64,304,234 | 62,834,753 | 789,032 |
| Maintenance | 1,149,094 | 1,111,719 | - |
| Infrastructure | 190,143,147 | 187,783,577 | 71,480 |
| Miscellaneous | 104,971,356 | 94,186,376 | 8,578,684 |
| Pass-through grants | 16,133,540 | 15,631,312 | 57,449 |
| | \$ 1,831,782,028 | \$ 1,723,798,730 | \$ 90,233,301 |

7. Lease Receivable

In 2016, the Borough constructed the Fronteras Charter School facility, and entered into a long-term lease agreement with Matanuska-Susitna Borough School District (the District), the facility's tenant. The payment terms of the lease are intended to mirror the Borough's repayment terms of a \$6,900,000 note payable to the United States Department of Agriculture, issued in connection with construction of the facility. Please see Note 8 for details of the note payable.

The following summarizes the future minimum lease payments due to the Borough from the District as of June 30, 2019:

| <i>Year Ending June 30:</i> | Principal | Interest | Total |
|-----------------------------|--------------|--------------|---------------|
| 2020 | \$ 156,036 | \$ 237,264 | \$ 393,300 |
| 2021 | 161,787 | 231,513 | 393,300 |
| 2022 | 167,750 | 225,550 | 393,300 |
| 2023 | 173,933 | 219,367 | 393,300 |
| 2024 | 180,344 | 212,956 | 393,300 |
| 2025-2029 | 1,006,467 | 960,033 | 1,966,500 |
| 2030-2034 | 1,206,137 | 760,363 | 1,966,500 |
| 2035-2039 | 1,445,419 | 521,081 | 1,966,500 |
| 2040-2044 | 1,732,172 | 234,328 | 1,966,500 |
| 2045-2046 | 386,222 | 7,629 | 393,851 |
| | \$ 6,616,267 | \$ 3,610,084 | \$ 10,226,351 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

8. Long-term Debt

Other Debt Information

USDA Note Payable

In 2016, the Borough obtained a \$6,900,000 loan from the U.S. Department of Agriculture (USDA), to construct the Fronteras Spanish Immersion Charter School. The terms of the agreement require interest only payments of \$133,977 to be made on July 28, 2016 and July 27, 2017, with monthly principal and interest payments of \$32,775 for a period of 28 years at an interest rate of 3.625% starting after the final interest only payment. The District has committed to making direct payments on behalf of the Borough to the USDA. As of June 30, 2019, the outstanding principal portion of the note totaled \$6,616,267.

FTA Liability

The Matanuska-Susitna Borough ("Borough") built a ferry with funds from a variety of sources to operate between the Borough and Anchorage. One of those sources was the Federal Transit Administration ("FTA"). Due to several factors not completely in the Borough's control, such as no landing site on the Anchorage side and no source of funds to construct landings, the project failed. The FTA initially demanded repayment of \$12.3 million in grant funds it provided to the Borough for the ferry and related activities. In February 2017, the FTA revised the repayment demand to \$9.3 million. The Borough continues to negotiate a final amount and payment terms with FTA. The Borough has responded to all requests for information from FTA and also offered reasons to support a reduction in the amounts owed. The Borough is still in communications with FTA over repayment amounts and terms. The Borough expects to reduce the total amount owed and enter into a repayment plan with FTA.

Lease Credits Payable

On May 16, 2007, a lawsuit was filed by NPI LLC, relating to two contracts at Port McKenzie. The case was aggressively defended with several motions for partial summary judgment being filed. In July 2010, the case was settled for \$1,100,000 payable in cash plus \$1,375,000 in future lease credits awarded to the contractor. In 2011, the balance of the cash payment was paid in full and the lease credits payable were recorded in the Port Enterprise Fund. The lease credits are valid for lease waivers, wharfage, and other services and will expire April 2031. At June 30, 2019, the balance of the lease credits payable was \$1,310,978 and is recorded as a long-term payable in the Port Enterprise Fund.

ADEC Loans

During 2018, the Borough entered into two loan agreements with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loans are for a maximum of \$7,000,000 and \$5,000,000, respectively, and will be used to pay for Central Landfill Cell 4 design and construction, and septage and leachate treatment facility design, respectively. These loans are recorded in the Solid Waste Enterprise Fund and are currently in drawdown status.

During 2019, the Borough entered into another loan agreement with the Alaska Department of Environmental Conservation under the Alaska Clean Water Fund Loan Program. The loan will be used to pay for the Talkeetna wastewater treatment plant upgrades. This loan is currently in drawdown status.

The Borough reported combined drawdowns of \$4,808,822 for all ADEC loans in drawdown status during FY19.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

In addition, the Borough has two additional loans with the Alaska Department of Environmental Conservation for a salted sand storage building, water upgrades, and wastewater treatment plant upgrades, as discussed further in Note 5. These loans are currently in repayment status.

A summary of changes in long-term debt for the year ended June 30, 2019 follows:

| Governmental Activities | Balance at July 1, 2018 | Additions | Retirements | Balance at June 30, 2019 | Due Within One Year |
|---|----------------------------|---------------------|---------------------|-----------------------------|------------------------|
| Bonds and Certificates of Participation: | | | | | |
| School projects bonds | \$ 242,920,000 | - | \$18,345,000 | \$ 224,575,000 | \$ 16,780,000 |
| Park and recreation bonds | 21,425,000 | - | 1,025,000 | 20,400,000 | 1,065,000 |
| Transportation bonds | 25,675,000 | - | 1,210,000 | 24,465,000 | 1,250,000 |
| Certificates of participation | 19,130,000 | - | 1,520,000 | 17,610,000 | 1,580,000 |
| Direct Borrowings: | | | | | |
| ADEC salted sand building loan | 158,439 | - | 14,803 | 143,636 | 15,026 |
| ADEC Talkeetna community water upgrade loan | 76,713 | - | 4,965 | 71,748 | 5,040 |
| ADEC Talkeetna wastewater treatment plant upgrade loan* | - | 770,977 | - | 770,977 | - |
| University of Alaska Fireweed building note payable | 246,255 | - | 89,615 | 156,640 | 89,615 |
| USDA note payable | 6,766,756 | - | 150,489 | 6,616,267 | 156,036 |
| Other Liabilities: | | | | | |
| FTA liability* | 9,287,929 | - | - | 9,287,929 | - |
| Accrued leave** | 2,946,513 | 3,096,383 | 2,871,518 | 3,171,378 | 3,171,378 |
| Insurance claims incurred but not reported & claims payable | 1,675,763 | 8,081,233 | 7,787,805 | 1,969,191 | 1,969,191 |
| | 330,308,368 | <u>\$11,948,593</u> | <u>\$33,019,195</u> | 309,237,766 | <u>\$ 26,081,286</u> |
| Plus unamortized bond premium | <u>33,744,998</u> | | | <u>31,129,886</u> | |
| | <u>\$ 364,053,366</u> | | | <u>\$ 340,367,652</u> | |

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

| Business-type Activities | Balance at July 1, 2018 | Additions | Retirements | Balance at June 30, 2019 | Due Within One Year |
|--|----------------------------|---------------------|---------------------|-----------------------------|------------------------|
| Bonds: | | | | | |
| Port bonds | \$ 3,690,000 | \$ - | \$ 565,000 | \$ 3,125,000 | \$ 580,000 |
| Direct Borrowings | | | | | |
| ADEC solid waste loan - Cell 3 construction | 2,309,518 | - | 128,790 | 2,180,728 | 130,722 |
| ADEC solid waste loan - hazardous waste facility | 534,550 | - | 49,946 | 484,604 | 50,694 |
| ADEC solid waste loan - regional resource recovery and training facility | 640,087 | - | 44,960 | 595,127 | 45,634 |
| ADEC solid waste loan - Cell 2 closure | 2,154,780 | - | 98,858 | 2,055,922 | 100,341 |
| ADEC solid waste loan - Cell 4* | 1,086,287 | 3,582,710 | - | 4,668,997 | - |
| ADEC solid waste loan - Septage & Leachate Treatment Facility* | 131,947 | 455,135 | - | 587,082 | - |
| Lease credits payable | 1,314,851 | - | 3,873 | 1,310,978 | - |
| Other Liabilities: | | | | | |
| Landfill closure and postclosure monitoring costs | 5,463,707 | 607,860 | - | 6,071,567 | - |
| Accrued leave** | 107,307 | 144,056 | 143,755 | 107,608 | 107,608 |
| | <u>17,433,034</u> | <u>\$ 4,789,761</u> | <u>\$ 1,035,182</u> | <u>21,187,613</u> | <u>\$ 1,014,999</u> |
| Plus unamortized bond premium | <u>332,274</u> | | | <u>273,637</u> | |
| | <u>\$ 17,765,308</u> | | | <u>\$ 21,461,250</u> | |

*Not yet in repayment status.

** Based on an analysis of the actual compensated absence expenditures/expense during the first quarter of the fiscal year 2020 management estimates all accrued leave will be used in the following fiscal year. Therefore the entire balance of accrued leave is reported as due within one year. Other long-term liabilities related to governmental activities such as accrued leave are generally liquidated by the General Fund.

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

At June 30, 2019, long-term debt outstanding is comprised of the following individual issues:

General Obligation Bonds

School projects bonds:

| | |
|---|--------------------|
| \$31,690,000 2016 Series A School refunding bonds, due in annual installments of \$910,000 to \$3,670,000, plus interest at 2.5% to 5.0% through July 1, 2030 | \$ 31,690,000 |
| \$55,195,000 2015 Series B School bonds, due in annual installments of \$1,870,000 to \$4,225,000, plus interest at 3% to 5.0% through November 1, 2034 | 48,080,000 |
| \$37,350,000 2015 Series A School refunding bonds, due in annual installments of \$2,435,000 to \$5,915,000, plus interest at 2.5% to 5.0% through February 1, 2026 | 19,010,000 |
| \$29,400,000 2014 Series B School bonds, due in annual installments of \$970,000 to \$2,190,000, plus interest at 1.5% to 5.0% through November 1, 2034 | 24,715,000 |
| \$13,290,000 2013 Series A School bonds, due in annual installments of \$505,000 to \$995,000, plus interest at 4.0% to 5.0% through June 30, 2033 | 10,365,000 |
| \$91,770,000 2012 Series A School bonds, due in annual installments of \$3,775,000 to \$6,640,000, plus interest at 3.0% to 5.0% through March 1, 2032 | 67,170,000 |
| \$8,710,000 2012 Series B School refunding bonds, due in annual installments of \$380,000 to \$1,180,000, plus interest at 4.0% to 5.0% through March 1, 2024 | 1,620,000 |
| \$33,785,000 2011 Series A School bonds, due in annual installments of \$1,405,000 to \$1,545,000, plus interest at 2.75% to 5.0% through June 30, 2021 | 3,040,000 |
| \$19,030,000 2009 Series A School bonds, due in annual installments of \$805,000 to \$870,000, plus interest at 4.0% to 5.5% through June 30, 2020 | 870,000 |
| \$33,505,000 2007 Series A School refunding bonds, due in annual installments of \$1,960,000 to \$5,360,000, plus interest at 4.0% to 5.0% through April 1, 2025 | 18,015,000 |
| Total school projects bonds | 224,575,000 |

Park bonds:

| | |
|--|-------------------|
| \$21,200,000 2017 Series A Park bonds, due in annual installments of \$695,000 to \$1,435,000, plus interest at 2.0% to 5.0% through March 1, 2037 | 19,770,000 |
| \$2,210,000 2007 Series B Park bonds, due in annual installments of \$280,000 to \$325,000, plus interest at 4.0% to 5.25% through April 1, 2021 | 630,000 |
| Total park bonds | 20,400,000 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Transportation bonds:

| | |
|--|-------------------|
| \$1,560,000 2015 Series C Transportation bonds, due in annual installments of \$60,000 to \$105,000, plus interest at 2.0% to 4.0% through November 1, 2034 | 1,335,000 |
| \$17,840,000 2014 Series A Transportation bonds, due in annual installments of \$650,000 to \$1,350,000, plus interest at 2.0% to 5.0% through April 1, 2032 | 14,720,000 |
| \$11,175,000 2012 Series D Transportation bonds, due in annual installments of \$470,000 to \$845,000, plus interest at 1.5% to 5.0% through April 1, 2032 | 8,410,000 |
| Total transportation bonds | 24,465,000 |

Port bonds:

| | |
|---|-----------------------|
| \$5,770,000 2012 Series C Port refunding bonds, due in annual installments of \$540,000 to \$675,000, plus interest at 3.0% to 5.0% through March 1, 2024 | 3,125,000 |
| Total General Obligation Bonds | \$ 272,565,000 |

Certificates of Participation

| | |
|---|----------------------|
| \$8,585,000 2013 Public Safety Building Lease Certificates of Participation, due in annual installments of \$485,000 to \$745,000, plus interest at 2.5% to 5.0% through October 1, 2029 | \$ 6,245,000 |
| \$5,700,000 2016 Series A Public Safety Building Lease Certificates of Participation, due in annual installments of \$305,000 to \$540,000, plus interest at 2.0% to 5.0% through March 1, 2031 | 5,020,000 |
| \$5,000,000 2016 Series B Public Safety Building Lease Certificates of Participation, due in annual installments of \$260,000 to \$475,000, plus interest at 2.0% to 5.0% through March 1, 2031 | 4,415,000 |
| \$2,405,000 2016 Series C Animal Control Building Certificates of Participation, due in annual installments of \$435,000 to \$520,000, plus interest at 2.0% to 5.0% through March 1, 2023 | 1,930,000 |
| Total Certificates Of Participation | \$ 17,610,000 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

ADEC Loans

| | |
|---|--------------|
| \$2,805,926 ADEC loan for Landfill Cell 3 construction due in annual installments of \$128,790 to \$161,018, plus interest at 1.5% through July 1, 2034 | \$ 2,180,728 |
| \$105,000 ADEC loan for Talkeetna Community Water Upgrade due in annual installments of \$4,965 to \$6,025, plus interest at 1.5% through March 1, 2032 | 71,748 |
| \$294,958 ADEC loan for Salted Sand Storage Building due in annual installments of \$14,803 to \$16,926, plus interest at 1.5% through August 8, 2027 | 143,636 |
| \$995,155 ADEC loan for Hazardous Waste Facility, due in annual installments of \$49,945 to \$57,107, plus interest at 1.5% through August 31, 2027 | 484,604 |
| \$936,743 ADEC loan for Regional Resource Recovery and Training Facility, due in annual installments of \$44,959 to \$53,755, plus interest at 1.5% through June 30, 2031 | 595,127 |
| \$2,252,177 ADEC loan for Central Landfill Cell 2A Closure, due in annual installments of \$98,858 to \$129,241, plus interest at 1.5% through June 1, 2037 | 2,055,922 |
| ADEC loan for Central Landfill Cell 4 design and construction. Still in draw down status. Repayment terms not established. | 4,668,997 |
| ADEC loan for Mat-Su Septage & Leachate Treatment Facility. Still in draw down status. Repayment terms not established. | 587,082 |
| ADEC loan for Talkeetna wastewater treatment plant upgrade. Still in draw down status. Repayment terms not established. | 770,977 |

| | |
|-------------------------|----------------------|
| Total ADEC Loans | \$ 11,558,821 |
|-------------------------|----------------------|

Notes Payable

| | |
|---|--------------|
| \$6,900,000 USDA note payable. Interest only payments of \$133,977 due July 28, 2016 and July 28, 2017. Monthly installments of \$32,775, including interest, due beginning August, 2017 through July, 2045 | \$ 6,616,267 |
| \$515,000 note payable to the University of Alaska, due in annual installments of \$67,174 to \$89,565, through March 1, 2021 | 156,640 |

| | |
|----------------------------|---------------------|
| Total Notes Payable | \$ 6,772,907 |
|----------------------------|---------------------|

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The annual requirements to amortize bonds and certificates of participation, ADEC loans, and notes payable as of June 30, 2019 are as follows:

Governmental Activities

| <i>Year Ending June 30:</i> | General Obligation Bonds and Certificates of Participation | | ADEC Loans - Direct Borrowings | | Notes Payable - Direct Borrowings | |
|-------------------------------------|---|----------------------|-----------------------------------|------------------|--------------------------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | \$ 20,675,000 | \$ 12,943,831 | \$ 20,066 | \$ 3,230 | \$ 245,651 | \$ 237,264 |
| 2021 | 20,960,000 | 12,065,007 | 20,366 | 2,930 | 228,812 | 231,513 |
| 2022 | 20,510,000 | 11,100,656 | 20,672 | 2,624 | 167,750 | 225,550 |
| 2023 | 21,445,000 | 10,159,831 | 20,982 | 2,314 | 173,933 | 219,367 |
| 2024 | 21,825,000 | 9,231,981 | 21,297 | 1,999 | 180,344 | 212,956 |
| 2025-2029 | 96,930,000 | 32,865,351 | 94,191 | 5,109 | 1,006,467 | 960,033 |
| 2030-2034 | 74,115,000 | 11,052,410 | 17,810 | 536 | 1,206,137 | 760,363 |
| 2035-2039 | 10,590,000 | 576,963 | - | - | 1,445,419 | 521,081 |
| 2040-2044 | - | - | - | - | 1,732,172 | 234,328 |
| 2045-2046 | - | - | - | - | 386,222 | 7,632 |
| Loan not yet in repayment status | - | - | 770,977 | - | - | - |
| | \$ 287,050,000 | \$ 99,996,030 | \$ 986,361 | \$ 18,742 | \$ 6,772,907 | \$ 3,610,087 |

Business-type Activities

| <i>Year Ending June 30:</i> | Port Bonds | | ADEC Loans - Direct Borrowings | |
|----------------------------------|---------------------|-------------------|-----------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2020 | \$ 580,000 | \$ 130,563 | \$ 327,391 | \$ 79,747 |
| 2021 | 605,000 | 107,361 | 332,303 | 74,835 |
| 2022 | 620,000 | 87,700 | 337,287 | 69,850 |
| 2023 | 645,000 | 66,000 | 342,347 | 64,792 |
| 2024 | 675,000 | 33,750 | 347,482 | 59,657 |
| 2025-2029 | - | - | 1,759,211 | 218,516 |
| 2030-2034 | - | - | 1,488,338 | 93,849 |
| 2035-2038 | - | - | 382,022 | 11,518 |
| Loan not yet in repayment status | - | - | 5,256,079 | - |
| | \$ 3,125,000 | \$ 425,374 | \$ 10,572,460 | \$ 672,764 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The following summarizes the amounts available for payment of general long-term debt at June 30, 2019:

| | Debt Service Funds |
|---------------------------------|-----------------------|
| School general obligation bonds | \$ 3,563,540 |
| Transportation bonds | 772,389 |
| Parks and recreation bonds | 1,681,182 |
| Certificates of participation | 3,597,978 |
| | \$ 9,615,089 |

Any additional monies needed to service the school general obligation bonds or retire other governmental activity debt are provided by transfers to the Debt Service Funds from the General Fund. The following bond authorizations remain open and unissued:

| | Authorized But Unissued |
|------------------------------------|----------------------------|
| October 2008, Transportation Bonds | \$ 15,000,000 |
| October 2011, School Bonds | 2,465,000 |
| October 2013, Transportation Bonds | 14,615,000 |
| | \$ 32,080,000 |

There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the Borough's assessed value. At June 30, 2019, the Borough was in compliance with these requirements.

Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Borough to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the Borough reports a portion of these closure and postclosure care costs as a long-term liability at June 30, 2019, based on landfill capacity used as of that date. In 2017 the Borough conducted a landfill closure review process which resulted in certain changes to the closure cost estimate. The \$6,071,567 reported as landfill closure and postclosure care liability at June 30, 2019 represents the cumulative amount reported to date based on the use of 27.9% of the estimated capacity of the landfill. The Borough will recognize the remaining estimated cost of closure and postclosure care of \$14,672,649 as the remaining capacity is filled. The Borough expects to close the landfill in the year 2050. Actual costs may change due to inflation, deflation, changes in technology, or changes in laws and regulations.

As of June 30, 2019, the Borough is required to provide financial assurances for closure and postclosure care of the landfill in accordance with state and federal regulations. There are a number of allowable mechanisms available. The Borough has decided to use the "Local Government Test" financial assurance mechanism to be in compliance with the April 1997 regulations. Future inflation costs and additional costs that might arise from changes in closure and postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers or both.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Special Assessment Debt

From time to time, the Borough will issue nonrecourse special assessment bonds to finance road, water or gas line improvements in local improvement districts within the Borough. Repayment of the bonds is through special assessments levied against the property in the local improvement districts that benefit from the project. The bonds are special obligations of the local improvement districts and are payable solely from the assessments. As such, the Borough is not obligated in any manner for the special assessment debt and is acting solely as agent on behalf of the local improvement districts. These balances are therefore only recorded in the Agency Funds. The balance of special assessment bonds payable at June 30, 2019 follows:

| | | |
|------------------------|-----------|----------------|
| Gas line bonds | \$ | 428,459 |
| Road improvement bonds | | 35,500 |
| Water project bonds | | 28,700 |
| <hr/> | | |
| Total | \$ | 492,659 |

Advance Refunding of Bonds

Historically, the Borough has issued refunding debt when financially advantageous. The purpose of the refundings is to obtain more favorable interest rates, thereby reducing the overall cost of borrowing. At the time of the transactions, the proceeds from the issuance of the new refunding debt has been placed into an irrevocable trust with an escrow paying agent to provide the future debt service payments on the old debt, until the debt is paid in full, generally at a specified call date. For financial accounting purposes, the refunded debt is considered defeased and therefore, removed from the Borough's financial statements. At June 30, 2019, defeased debt outstanding is as follows. The 2009 A School Bonds and 2011 A School Bonds Certificates of Participation bear call dates of July 1, 2019 and April 1, 2021, respectively.

| <i>Fiscal Year of Refunding</i> | Issue Refunded | Amount Refunded | Amount Outstanding |
|--|---------------------|-----------------|----------------------|
| 2017 | 2009 A School Bonds | \$ 11,700,000 | \$ 11,700,000 |
| 2017 | 2011 A School Bonds | 20,185,000 | 20,185,000 |
| <hr/> | | | |
| Total Defeased Debt Outstanding | | | \$ 31,885,000 |

9. Goose Creek Correctional Facility - Conduit Debt and Lease Agreement

In 2008, the Borough entered into a lease agreement with the State of Alaska relating to the construction of a correctional facility to be located on Borough property. Connected with the lease agreement, the Borough issued Lease Revenue Bonds in the amount of \$244 million to finance construction of the facility. The lease agreement is considered a "triple net zero" lease, in which lease payment terms mirror the debt payment terms. The lease payments are paid by the State of Alaska directly to the bond trustee for the purpose of making the debt payments. No benefit or cost inures to the Borough. When the debt is paid in full, title to the facility will pass to the State of Alaska. Concurrent with the issuance of the debt, an insurance policy was purchased guaranteeing payment of the bonds in the unlikely event of default by the State. From 2008 through 2014, the Borough recorded the construction related activities in an Agency fund as it has been acting in an agency capacity during the construction phase. In 2013, construction was completed and the State took occupancy of the facility, to include all maintenance

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

and operations. At June 30, 2015, the original activity has been fully settled and the Agency Fund has been closed. As the Borough has no future rights or obligations in connection with the facility or the debt repayment, no capital asset and no long-term debt have been recorded in these financial statements.

During 2015, the Borough issued \$105,720,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2015) to advance refund \$101,850,000 of the 2008 outstanding Lease Revenue Bonds. In addition, in April 2015, the Borough and the State of Alaska entered into a Second Amendment to the Lease Agreement which requires the State to make the debt payments in accordance with the 2015 bond payment schedule. During 2017, the Borough issued \$57,985,000 in State of Alaska Lease Revenue Refunding Bonds (Series 2017) to advance refund \$59,340,000 of the 2008 outstanding Lease Revenue Bonds. The Borough considers this debt to be "conduit debt" for accounting and disclosure purposes. Total debt service outstanding and payable by the State of Alaska at June 30, 2019, including both principal and interest, was as follows:

| | |
|---|-----------------------|
| 2008 lease revenue bonds (unrefunded portion) | \$ 8,328,125 |
| 2015 lease revenue bonds | 159,680,510 |
| 2017 lease revenue bonds | 68,640,125 |
| <hr/> | |
| Total | \$ 236,648,760 |

10. Retirement Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Borough participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple-employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

The Borough recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employee payroll are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

GASB Rate: This is the rate used to determine the long-term pension liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For 2019, the rate uses an 8% pension discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2019 were determined in the June 30, 2016 actuarial valuations. The Borough's contribution rates for the 2019 fiscal year were as follows:

| | Employer Effective Rate | ARM Board Adopted Rate | State Contribution Rate |
|-----------------------------------|-------------------------------|---------------------------|-------------------------------|
| Pension | 16.17% | 23.21% | 5.58% |
| Postemployment healthcare (ARHCT) | 5.83% | 4.37% | 0.00% |
| Total Contribution Rates | 22.00% | 27.58% | 5.58% |

In 2019, the Borough was credited with the following contributions to the pension plan:

| | Measurement Period July 1, 2017 to June 30, 2018 | Borough Fiscal Year July 1, 2018 to June 30, 2019 |
|---|---|--|
| Employer contributions (including DBUL) | \$ 3,034,464 | \$ 3,013,267 |
| Nonemployer contributions (on-behalf) | 762,454 | 1,489,264 |
| Total Contributions | \$ 3,796,918 | \$ 4,502,531 |

In addition, employee contributions to the Plan totaled \$657,769 during the Borough's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the Borough reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Borough were as follows:

| | 2019 |
|--|----------------------|
| Borough proportionate share of NPL | \$ 40,341,822 |
| State's proportionate share of NPL associated with the Borough | 11,680,902 |
| Total Net Pension Liability | \$ 52,022,724 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net pension liability as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2018 measurement date, the Borough's proportion was 0.81187 percent, which was an increase of 0.05131 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Borough recognized pension expense of \$4,827,525 and on-behalf revenue of \$546,921 for support provided by the State. At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ (1,012,501) |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 890,966 | - |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 1,097,396 | - |
| Borough contributions subsequent to the measurement date | 3,013,267 | - |
| Total Deferred Outflows and Deferred Inflows of Resources Related to Pensions | \$ 5,001,629 | \$ (1,012,501) |

The \$3,013,267 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,

| | |
|---------------------------|-------------------|
| 2020 | \$ 1,218,083 |
| 2021 | 487,176 |
| 2022 | (690,334) |
| 2023 | (39,064) |
| 2024 | - |
| Thereafter | - |
| Total Amortization | \$ 975,861 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

| | |
|-----------------------------------|--|
| Actuarial cost method | Entry age normal; level percentage of payroll |
| Amortization method | Level dollar, closed |
| Inflation | 3.12% |
| Salary increases | For peace officer/firefighter, increases range from 9.66% to 4.92% based on service. For all others, increases range from 8.55% to 4.34% based on age and service. |
| Allocation methodology | Amounts for FY 2018 were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the fiscal years 2019 to 2039 to the Plan. The liability is expected to go to zero at 2039. |
| Investment return / Discount rate | 8.00%, net of pension plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%. |
| Mortality | Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. |

The actuarial assumptions used in the June 30, 2017 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation report are the same as those used in the June 30, 2016 actuarial valuation.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|--|
| Domestic equity | 24% | 8.90% |
| Global ex-U.S. equity | 22% | 7.85% |
| Fixed income | 10% | 1.25% |
| Opportunistic | 10% | 4.76% |
| Real assets | 17% | 6.20% |
| Absolute return | 7% | 4.76% |
| Private equity | 9% | 12.08% |
| Cash equivalents | 1% | 0.66% |

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

| | Proportional Share | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|--|-----------------------|------------------------|-------------------------------------|------------------------|
| Borough's proportionate share of the net pension liability | 0.81187% | \$ 53,422,750 | \$ 40,341,822 | \$ 29,276,936 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Borough contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2019 to cover a portion of the Borough's employer match contributions. For the year ended June 30, 2019, forfeitures reduced pension expense by \$326,280.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2019, the Borough was required to contribute 5% of covered salary into the Plan.

The Borough and employee contributions to PERS for pensions for the year ended June 30, 2019 were \$760,318 and \$1,216,505, respectively. The Borough contribution amount was recognized as pension expense/expenditures.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Borough participates in the following cost sharing multiple-employer defined-benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-insured and self-funded and provides major medical coverage to retirees of the DB Plan. The ARHCT plan was closed to all new entrants effective July 1, 2006. Benefits vary by Tier level. The RMP is self-insured and provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the comprehensive annual financial report for PERS, at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contribution Rates

Employer contribution rates are actuarially determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2019 were as follows:

| | Other | Police/Fire |
|--|--------------|--------------|
| Alaska Retiree Healthcare Trust | 5.83% | 5.83% |
| Retiree Medical Plan | 0.94% | 0.94% |
| Occupational Death and Disability Benefits | 0.26% | 0.76% |
| Total Contribution Rates | 7.03% | 7.53% |

In 2019, the Borough was credited with the following contributions to the OPEB plans:

| | Measurement Period July 1, 2017 to June 30, 2018 | Borough Fiscal Year July 1, 2018 to June 30, 2019 |
|--|---|--|
| Employer contributions - ARHCT | \$ 864,788 | \$ 1,083,601 |
| Employer contributions - RMP | 135,734 | 145,616 |
| Employer contributions - ODD | 23,205 | 44,785 |
| Nonemployer contributions (on-behalf) - ARHCT | - | - |
| Total Contributions | \$ 1,023,827 | \$ 1,274,002 |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2019, the Borough reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB support provided to the Borough. The amount recognized by the Borough for its proportional share, the related State proportion, and the total were as follows:

| | 2019 |
|---|----------------------|
| Borough's proportionate share of NOL - ARHCT | \$ 8,330,034 |
| Borough's proportionate share of NOL - RMP | 148,162 |
| Borough's proportionate share of NOL (Asset) - ODD | (226,138) |
| Total Borough's Proportionate Share of NOL (Asset) | \$ 8,252,058 |
| State's proportionate share of the ARHCT NOL associated with the Borough | 2,418,351 |
| Total Net OPEB Liabilities | \$ 10,670,409 |

The total OPEB liabilities for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 to calculate the net OPEB liabilities as of that date. The Borough's proportion of the net OPEB liabilities were based on a projection of the Borough's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

| | June 30, 2017 Measurement Date Employer Proportion | June 30, 2018 Measurement Date Employer Proportion | Change |
|---|---|---|-----------|
| Borough's proportionate share of the net OPEB liabilities (asset): | | | |
| ARHCT | 0.76061% | 0.81167% | 0.05107 % |
| RMP | 1.15139% | 1.64340% | 0.49201 % |
| ODD | 1.15139% | 1.64340% | 0.49201 % |

As a result of its requirement to contribute to the plans, the Borough recognized OPEB expense of \$2,615,434 and on-behalf revenue of \$317,479 for support provided by the State associated with the ARHCT plan.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ (961,852) |
| Changes in assumptions | 1,332,390 | - |
| Changes in benefits | - | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | (1,794,773) |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | 464,656 | (194,850) |
| Borough contributions subsequent to the measurement date | 1,274,002 | - |
| Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans | \$ 3,071,048 | \$ (2,951,475) |

The \$1,274,002 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,

| | | |
|---------------------------|--|-----------------------|
| 2020 | | \$ (271,843) |
| 2021 | | (253,425) |
| 2022 | | (586,394) |
| 2023 | | (39,636) |
| 2024 | | (1,012) |
| Thereafter | | (2,119) |
| Total Amortization | | \$ (1,154,429) |

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Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Actuarial Assumptions

The total OPEB liability for each plan the measurement period ended June 30, 2018 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2018:

| | |
|--------------------------------------|--|
| Actuarial cost method | Entry age normal; level percentage of payroll |
| Amortization method | Level dollar, closed |
| Inflation | 3.12% |
| Salary increases | Graded by service, from 9.66% to 4.92% for Peace Officer/ Firefighter. Graded by service from 8.55% to 4.34% for all others |
| Allocation methodology | Amounts for 2018 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to zero at 2039. |
| Investment return / Discount rate | 8.00%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%. |
| Healthcare cost trend rates | Pre-65 medical: 8.0% grading down to 4.0% Post-65 medical: 5.5% grading down to 4.0% Prescription drug: 9.0% grading down to 4.0% RDS/EGWP:6.5% grading down to 4.0% |
| Mortality | Pre-termination - Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for peace officers/firefighters, 50% of the time for all others. Post-termination - 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. |
| Participation (ARHCT) | 100% system paid of members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible. |

The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. The assumptions used in the June 30, 2017 actuarial valuation are the same as those used in the June 30, 2016 valuation with the following exceptions:

1. The medical trend rate assumption was updated to reflect anticipated increases in costs based on recent survey data.
2. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return for each major asset class included in the plans' targeted asset allocation as of June 30, 2018 are summarized in the following table (note that the rates shown below exclude the inflation component):

| <i>Asset Class</i> | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|--|
| Broad domestic equity | 24% | 8.90% |
| Global ex-U.S. equity | 22% | 7.85% |
| Fixed income | 10% | 1.25% |
| Opportunistic | 10% | 4.76% |
| Real assets | 17% | 6.20% |
| Absolute return | 7% | 4.76% |
| Private equity | 9% | 12.08% |
| Cash equivalents | 1% | 0.66% |

Discount Rate

The discount rate used to measure the total OPEB liability for each plan was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position of each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 8.00%, as well as what the Borough's proportionate share of the respective plan's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| | Proportional Share | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|---|-----------------------|------------------------|-------------------------------------|------------------------|
| Borough's proportionate share of the net OPEB liability (asset): | | | | |
| ARHCT | 0.81167% | \$ 16,864,144 | \$ 8,330,034 | \$ 1,176,705 |
| RMP | 1.64340% | \$ 442,450 | \$ 148,162 | \$ (81,376) |
| ODD | 1.64340% | \$ (212,353) | \$ (226,138) | \$ (237,479) |

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the Borough's proportionate share of the net OPEB liabilities calculated using the healthcare cost trend rates, as well as what the Borough's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

| | Proportional Share | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--|-----------------------|--------------|---|--------------|
| Borough's proportionate share of the net OPEB liability (asset): | | | | |
| ARHCT | 0.81167% | \$ 161,700 | \$ 8,330,034 | \$ 1,176,705 |
| RMP | 1.64340% | \$ (125,970) | \$ 148,162 | \$ 515,035- |
| ODD | 1.64340% | \$ n/a | \$ n/a | \$ n/a |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS defined contribution members also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expenses to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2018, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,103 per year for each full-time employee, and \$1.35 per hour for part-time employees. Employees do not contribute to the DC OPEB plans.

Annual Postemployment Healthcare Cost

In 2019, the Borough contributed \$428,129 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

(e) School District Participation

The School District also participates in the PERS pension and postemployment plans, along with a separate but similar plans for educators, under the Teachers' Retirement System (TRS) plan. Additional information about the School District's pension and postemployment benefit plans can be found in their separately issued financial statements.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

(f) Liability Liquidation

Pension and other post-employment benefits are generally liquidated by the General Fund.

11. Contingencies

The Borough and School District participate in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Borough expects such amounts, if any, to be nominal.

The Borough, in the normal course of its activities, is involved in various claims and pending litigation. In the opinion of management and legal counsel, the disposition of these matters is not expected to have a material adverse effect on the Borough's basic financial statements.

12. Risk Management

The Borough faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, (d) environmental damage, (e) worker's compensation and (f) medical costs of employees. Commercial policies, transferring risk of loss, except for relatively small deductible amounts, are purchased for property, general liability, errors and omissions, worker's compensation (as required by statute), and professional liability.

Claims on insurance have not exceeded coverage in any of the last several years and there has been no significant reduction in insurance coverage from prior years.

13. Self-Insurance Coverage

The Borough and the School District jointly participate in self-insurance for unemployment claims and for property and casualty coverage. Unemployment insurance is paid on a reimbursement basis directly to the State of Alaska when individual claims are filed. Property and casualty claims within the retention are paid on a reimbursement basis. An estimate for claims incurred but not reported is accrued at year end. There is a \$250,000 self-insured retention per occurrence for claims. Commercial policies are purchased to cover claims exceeding these amounts.

The Borough (excluding the School District) provides health insurance on a self-insured basis up to \$100,000 each occurrence or \$1 million in aggregate for all medical claims during the year. Coverage in excess of these amounts is insured by a private carrier. The Borough contracts with a third-party administrator for health claims servicing. The Borough charges each department and employee a premium based on the actual claims paid by the Borough. The Borough accrues a liability for claims incurred but not reported at year end.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

A schedule of the changes in the claims liability for the years ended June 30, 2019 and 2018 follows:

| | Unemployment Insurance | Health Insurance | Property and Casualty Insurance | Workers' Comp Insurance | Total |
|-------------------------------|---------------------------|---------------------|---------------------------------------|-------------------------------|--------------|
| Balance, June 30, 2017 | \$ - | \$ 1,355,093 | \$ - | \$ 291,118 | \$ 1,646,211 |
| Claims incurred | 26,650 | 6,704,694 | - | 397,063 | 7,128,407 |
| Claims paid | (26,650) | (6,544,080) | - | (528,125) | (7,098,855) |
| Balance, June 30, 2018 | - | 1,515,707 | - | 160,056 | 1,675,763 |
| Claims incurred | 61,458 | 7,331,721 | - | 688,054 | 8,081,233 |
| Claims paid | (61,458) | (7,280,445) | - | (445,902) | (7,787,805) |
| Balance, June 30, 2019 | \$ - | \$ 1,566,983 | \$ - | \$ 402,208 | \$ 1,969,191 |

Management estimates that all of this liability is due within one year. The unemployment insurance liability is payable quarterly, upon receipt of billing from the State of Alaska. This liability is included in the financial statements as accounts payable. All other funds' liabilities are reported on the statement of net position as insurance claims incurred but not reported and claims payable. This liability, in the amount of \$1,969,191, is included with the governmental-activities noncurrent liabilities.

14. Subsequent Events

The Borough issued \$70,260,000 general obligation school and transportation refunding bonds in December 2019, with interest rates from 2.016% to 3.013%, maturing in 2033.

15. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined.

GASB 84 - Fiduciary Activities - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end June 30, 2021, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - Effective for year-end June 30, 2021, with earlier application encouraged - This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

Matanuska-Susitna Borough, Alaska

Notes to Basic Financial Statements, continued

GASB 90 - *Majority Equity Interests* - an amendment of GASB Statements No. 14 and No. 61 - Effective for year-end June 30, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for a majority equity interest in a legally separate organization. It provides a definition of a majority equity interest and provides guidance for further presentation as either an investment or a component unit, based on specific criteria.

GASB 91 - *Conduit Debt Obligations* - Effective for year-end June 30, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

| Years Ended June 30, | Borough's Proportion of the Net Pension Liability | Borough's Proportionate Share of the Net Pension Liability | State of Alaska Proportionate Share of the Net Pension Liability | Total Net Pension Liability | Borough's Covered Payroll | Borough's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-------------------------|---|--|--|-----------------------------------|------------------------------|---|---|
| 2019 | 0.81187% | \$ 40,341,822 | \$ 11,680,902 | \$ 52,022,724 | \$ 23,215,637 | 173.77% | 65.19% |
| 2018 | 0.76056% | 39,316,621 | 14,648,493 | 53,965,114 | 22,871,706 | 171.90% | 63.37% |
| 2017 | 0.84421% | 47,187,922 | 5,944,748 | 53,132,670 | 22,300,573 | 211.60% | 59.55% |
| 2016 | 0.64860% | 31,457,163 | 8,425,442 | 39,882,605 | 21,010,045 | 149.72% | 63.96% |
| 2015 | 0.48137% | 22,451,653 | 18,637,380 | 41,089,033 | 19,339,708 | 116.09% | 62.37% |
| 2014 | * | * | * | * | * | * | * |
| 2013 | * | * | * | * | * | * | * |
| 2012 | * | * | * | * | * | * | * |
| 2011 | * | * | * | * | * | * | * |
| 2010 | * | * | * | * | * | * | * |

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System Pension Plan
Schedule of the Borough's Contributions - Pension Plan
Last Ten Fiscal Years

| Years Ended June 30, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Borough's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------|---|---|--|---------------------------------|---|
| 2019 | \$ 3,013,267 | \$ 3,013,267 | \$ - | \$ 25,007,882 | 12.05% |
| 2018 | 3,034,464 | 3,034,464 | - | 23,215,637 | 13.07% |
| 2017 | 2,667,192 | 2,667,192 | - | 22,871,706 | 11.66% |
| 2016 | 2,309,530 | 2,309,530 | - | 22,300,573 | 10.36% |
| 2015 | 2,137,416 | 2,137,416 | - | 21,010,045 | 10.17% |
| 2014 | * | * | * | * | * |
| 2013 | * | * | * | * | * |
| 2012 | * | * | * | * | * |
| 2011 | * | * | * | * | * |
| 2010 | * | * | * | * | * |

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - ARHCT
Last Ten Fiscal Years

| Years Ended June 30, | Borough's Proportion of the Net OPEB Liability | Borough's Proportionate Share of the Net OPEB Liability | State of Alaska Proportionate Share of the Net OPEB Liability | Total Net OPEB Liability | Borough's Covered Payroll | Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|-------------------------|--|---|---|--------------------------------|------------------------------|--|--|
| 2019 | 0.81167% | \$ 8,330,034 | \$ 2,418,351 | \$ 10,748,384 | \$ 23,215,627 | 35.88% | 88.12% |
| 2018 | 0.76061% | 6,425,311 | 2,395,674 | 8,820,985 | 22,871,706 | 28.09% | 89.68% |
| 2017 | * | * | * | * | * | * | * |
| 2016 | * | * | * | * | * | * | * |
| 2015 | * | * | * | * | * | * | * |
| 2014 | * | * | * | * | * | * | * |
| 2013 | * | * | * | * | * | * | * |
| 2012 | * | * | * | * | * | * | * |
| 2011 | * | * | * | * | * | * | * |
| 2010 | * | * | * | * | * | * | * |

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ARHCT
Last Ten Fiscal Years

| Years Ended June 30, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Borough's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------|---|---|--|---------------------------------|---|
| 2019 | \$ 1,083,601 | \$ 1,083,601 | \$ - | \$ 25,007,882 | 4.33% |
| 2018 | 864,788 | 864,788 | - | 23,215,637 | 3.73% |
| 2017 | * | * | * | * | * |
| 2016 | * | * | * | * | * |
| 2015 | * | * | * | * | * |
| 2014 | * | * | * | * | * |
| 2013 | * | * | * | * | * |
| 2012 | * | * | * | * | * |
| 2011 | * | * | * | * | * |
| 2010 | * | * | * | * | * |

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability - RMP
Last Ten Fiscal Years

| Years Ended <i>June 30,</i> | Borough's Proportion of the Net OPEB Liability | Borough's Proportionate Share of the Net OPEB Liability | State of Alaska Proportionate Share of the Net OPEB Liability | Total Net OPEB Liability | Borough's Covered Payroll | Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|--------------------------------|--|---|---|--------------------------------|------------------------------|--|--|
| 2019 | 1.64340% | \$ 148,162 | \$ - | \$ 148,162 | \$ 23,215,627 | 0.64% | 88.71% |
| 2018 | 1.15139% | 60,045 | - | 60,045 | 22,871,706 | 0.26% | 93.98% |
| 2017 | * | * | * | * | * | * | * |
| 2016 | * | * | * | * | * | * | * |
| 2015 | * | * | * | * | * | * | * |
| 2014 | * | * | * | * | * | * | * |
| 2013 | * | * | * | * | * | * | * |
| 2012 | * | * | * | * | * | * | * |
| 2011 | * | * | * | * | * | * | * |
| 2010 | * | * | * | * | * | * | * |

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - RMP
Last Ten Fiscal Years

| <i>Years Ended June 30,</i> | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Borough's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------------|---|---|--|---------------------------------|---|
| 2019 | \$ 145,616 | \$ 145,616 | \$ - | \$ 25,007,882 | 0.58% |
| 2018 | 135,734 | 135,734 | - | 23,215,637 | 0.58% |
| 2017 | * | * | * | * | * |
| 2016 | * | * | * | * | * |
| 2015 | * | * | * | * | * |
| 2014 | * | * | * | * | * |
| 2013 | * | * | * | * | * |
| 2012 | * | * | * | * | * |
| 2011 | * | * | * | * | * |
| 2010 | * | * | * | * | * |

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) - ODD
Last Ten Fiscal Years

| Years Ended June 30, | Borough's Proportion of the Net OPEB Liability (Asset) | Borough's Proportionate Share of the Net OPEB Liability (Asset) | State of Alaska Proportionate Share of the Net OPEB Liability (Asset) | Total Net OPEB Liability (Asset) | Borough's Covered Payroll | Borough's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset) |
|-------------------------|--|---|---|--|------------------------------|--|--|
| 2019 | 1.64340% | \$ (226,138) | \$ - | \$ (226,138) | \$ 23,215,627 | -0.97% | 270.62% |
| 2018 | 1.15139% | (163,372) | - | (163,372) | 22,871,706 | -0.71% | 212.97% |
| 2017 | * | * | * | * | * | * | * |
| 2016 | * | * | * | * | * | * | * |
| 2015 | * | * | * | * | * | * | * |
| 2014 | * | * | * | * | * | * | * |
| 2013 | * | * | * | * | * | * | * |
| 2012 | * | * | * | * | * | * | * |
| 2011 | * | * | * | * | * | * | * |
| 2010 | * | * | * | * | * | * | * |

*Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Public Employees' Retirement System OPEB Plan
Schedule of the Borough's Contributions - ODD
Last Ten Fiscal Years

| Years Ended June 30, | Contractually Required Contribution | Contributions Relative to the Contractually Required Contribution | Contribution Deficiency (Excess) | Borough's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------------|---|---|--|---------------------------------|---|
| 2019 | \$ 44,785 | \$ 44,785 | \$ - | \$ 25,007,882 | 0.18% |
| 2018 | 23,305 | 23,305 | - | 23,215,637 | 0.10% |
| 2017 | * | * | * | * | * |
| 2016 | * | * | * | * | * |
| 2015 | * | * | * | * | * |
| 2014 | * | * | * | * | * |
| 2013 | * | * | * | * | * |
| 2012 | * | * | * | * | * |
| 2011 | * | * | * | * | * |
| 2010 | * | * | * | * | * |

* Information for these years is not available.

See accompanying notes to Required Supplementary Information.

Matanuska-Susitna Borough, Alaska
Notes to Required Supplementary Information
June 30, 2019

1. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2019, the Plan measurement date is June 30, 2018.

Changes in Assumptions: Amounts reported reflect a change between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

2. Public Employees' Retirement System - Schedule of the Borough's Contributions - Pension Plan

This table is based on the Borough's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

3. Public Employees' Retirement System - Schedule of the Borough's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT, RMP and ODD Plans

These tables are presented based on the Plan measurement date. For June 30, 2019, the Plan measurement dates were June 30, 2018.

Changes in Assumptions: The medical trend rate assumption used for the ARHCT plan was updated to reflect anticipated increases in costs based on recent survey data. An obligation for the Cadillac Tax was added to the June 30, 2017 valuation because it was no longer deemed immaterial due to the updated trend rates and the change to use chained Consumer Price Index (which was part of the Tax Cut and Jobs Act passed in December 2017) to project the tax thresholds in future years. There are no other changes in factors that significantly affect trends in the amounts reported in the schedule.

4. Public Employees' Retirement System - Schedule of Borough's Contributions - ARHCT, RMP and ODD Plans

These tables are based on the Borough's contributions for each fiscal year presented. These contributions have been reported as deferred outflow of resources on the Statement of Net Position.

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NONMAJOR FUNDS

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Matanuska-Susitna Borough, Alaska

Nonmajor Governmental Funds
Combining Balance Sheet

| <i>June 30, 2019</i> | Special Revenue | Debt Service | Capital Projects | Totals |
|--|----------------------|---------------------|----------------------|-----------------------|
| Assets | | | | |
| Cash and investments | \$ 37,739,962 | \$ 3,648,113 | \$ 68,701,567 | \$ 110,089,642 |
| Prepaid items | 66,473 | - | 60,000 | 126,473 |
| Receivables: | | | | |
| Intergovernmental | 202 | - | 3,259,063 | 3,259,265 |
| Property taxes, net of allowance | 1,804,237 | - | - | 1,804,237 |
| Land sales contracts, net | 15,586 | - | - | 15,586 |
| Interfund loans receivable | 3,506,894 | - | - | 3,506,894 |
| Other | 444,198 | - | - | 444,198 |
| Land sales contracts receivable, long-term | 364,656 | - | - | 364,656 |
| Restricted cash and investments | - | 2,403,436 | 135,334 | 2,538,770 |
| Total Assets | \$ 43,942,208 | \$ 6,051,549 | \$ 72,155,964 | \$ 122,149,721 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts, contracts and retentions payable | \$ 853,664 | \$ - | \$ 4,241,326 | \$ 5,094,990 |
| Due to other funds | - | - | 239,962 | 239,962 |
| Deposits | 96,608 | - | 187,672 | 284,280 |
| Unearned revenue | - | - | 1,241,054 | 1,241,054 |
| Interfund loans payable | 481,184 | - | - | 481,184 |
| Total Liabilities | 1,431,456 | - | 5,910,014 | 7,341,470 |
| Deferred Inflows of Resources | | | | |
| Special assessments | 7,028 | - | - | 7,028 |
| Delinquent property taxes | 1,606,540 | - | - | 1,606,540 |
| Land sales receivables not yet due | 364,656 | - | - | 364,656 |
| Total Liabilities and Deferred Inflows of Resources | 3,409,680 | - | 5,910,014 | 9,319,694 |
| Fund Balances | | | | |
| Nonspendable - prepaid items | 66,473 | - | 60,000 | 126,473 |
| Restricted: | | | | |
| Debt service | - | 2,403,436 | - | 2,403,436 |
| Capital projects | - | - | 135,334 | 135,334 |
| Committed: | | | | |
| Long-term loan receivable | 3,506,894 | - | - | 3,506,894 |
| Land management | 4,376,354 | - | - | 4,376,354 |
| Self-insurance | 10,000 | - | - | 10,000 |
| Accrued leave | 30,000 | - | - | 30,000 |
| Equipment | 100,000 | - | - | 100,000 |
| Assigned: | | | | |
| Subsequent year expenditures | 8,897,899 | - | - | 8,897,899 |
| Subsequent year appropriations | 794,419 | - | - | 794,419 |
| Service areas | 22,750,489 | - | - | 22,750,489 |
| Debt service | - | 3,648,113 | - | 3,648,113 |
| Capital projects | - | - | 66,050,616 | 66,050,616 |
| Total Fund Balances | 40,532,528 | 6,051,549 | 66,245,950 | 112,830,027 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 43,942,208 | \$ 6,051,549 | \$ 72,155,964 | \$ 122,149,721 |

Matanuska-Susitna Borough, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

| <i>Year Ended June 30, 2019</i> | Special Revenue | Debt Service | Capital Projects | Totals |
|--|----------------------|---------------------|----------------------|-----------------------|
| Revenues | | | | |
| Taxes | \$ 41,191,829 | \$ - | \$ - | \$ 41,191,829 |
| Intergovernmental | 1,078,355 | - | 6,523,893 | 7,602,248 |
| Charges for services | 3,571,817 | - | - | 3,571,817 |
| Investment income | 53,475 | 46,312 | 306,680 | 406,467 |
| Interest on land sales | 54,373 | - | - | 54,373 |
| Other | 1,188,761 | - | 67,686 | 1,256,447 |
| Total Revenues | 47,138,610 | 46,312 | 6,898,259 | 54,083,181 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 439,188 | - | 694,861 | 1,134,049 |
| Public works | - | - | - | - |
| Emergency services | 13,934,097 | - | 10,033,263 | 23,967,360 |
| Public services | 14,658,243 | - | 13,241,932 | 27,900,175 |
| Capital outlay | - | - | 28,497,399 | 28,497,399 |
| Debt service | 4,211 | 6,900,915 | - | 6,905,126 |
| Total Expenditures | 29,035,739 | 6,900,915 | 52,467,455 | 88,404,109 |
| Excess (Deficiency) of Revenues Over Expenditures | 18,102,871 | (6,854,603) | (45,569,196) | (34,320,928) |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 14,078 | - | - | 14,078 |
| Insurance recovery | - | - | 6,000,000 | 6,000,000 |
| Loan issued | - | - | 770,977 | 770,977 |
| Transfers in | 4,349,934 | 6,902,850 | 42,188,991 | 53,441,775 |
| Transfers out | (18,700,783) | - | (6,019,373) | (24,720,156) |
| Net Other Financing Sources (Uses) | (14,336,771) | 6,902,850 | 42,940,595 | 35,506,674 |
| Net Change in Fund Balances | 3,766,100 | 48,247 | (2,628,601) | 1,185,746 |
| Fund Balances, beginning | 36,766,428 | 6,003,302 | 68,874,551 | 111,644,281 |
| Fund Balances, ending | \$ 40,532,528 | \$ 6,051,549 | \$ 66,245,950 | \$ 112,830,027 |

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GENERAL FUND

Matanuska-Susitna Borough, Alaska

General Fund
Balance Sheet

| <i>June 30,</i> | 2019 | 2018 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and investments | \$ 46,408,104 | \$ 49,802,944 |
| Prepaid items | 681,831 | 604,214 |
| Receivables: | | |
| Intergovernmental | 8,124 | 1,544 |
| Delinquent property taxes, including foreclosure costs, penalties and interest net of allowance for doubtful accounts of \$119,961 (\$166,251 in 2018) | 5,991,342 | 8,487,211 |
| Ambulance, net of allowance for doubtful accounts of \$453,670 (\$238,862 in 2018) | 1,043,727 | 542,508 |
| Excise taxes | 686,009 | 230,543 |
| Accrued interest | 612,025 | 397,242 |
| Other | 975,873 | 888,572 |
| Due from other funds | 7,064,550 | 5,444,259 |
| Interfund loans receivable | 450,000 | 450,000 |
| Inventory | 216,243 | 215,813 |
| Restricted Cash | 78,660 | 39,330 |
| Total Assets | \$ 64,216,488 | \$ 67,104,180 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 646,308 | \$ 586,247 |
| Accrued payroll and related liabilities | 2,667,575 | 2,359,470 |
| Interfund loans payable | 1,285,000 | - |
| Other liabilities | 145,932 | 65,831 |
| Total Liabilities | 4,744,815 | 3,011,548 |
| Deferred Inflows of Resources | | |
| Taxes collected in advance | 794,185 | 983,836 |
| Delinquent property taxes | 5,336,551 | 7,696,761 |
| Delinquent ambulance receivables | 503,004 | 144,686 |
| Delinquent foreclosure property sales | 57,316 | 57,316 |
| Total Liabilities and Deferred Inflows of Resources | 11,435,871 | 11,894,147 |
| Fund Balance | | |
| Nonspendable: | | |
| Prepaid items | 681,831 | 604,214 |
| Inventory | 216,243 | 215,813 |
| Long-term loan receivable | 450,000 | 450,000 |
| Restricted - | | |
| Debt service | 78,660 | 39,330 |
| Committed: | | |
| Self-insurance | 150,000 | 150,000 |
| Accrued leave | 250,000 | 250,000 |
| Assembly projects | 57,217 | 57,217 |
| Alaska LNG project | 250,000 | - |
| Major repairs and renovations | 300,000 | 29,248 |
| Capital | 500,000 | 500,000 |
| Emergency response | 2,000,000 | 1,200,000 |
| Paving projects and calcium chloride | - | 3,984,043 |
| School site acquisition | - | 1,898,798 |
| Fund balance stabilization | 25,000,000 | 25,000,000 |
| Assigned - subsequent year expenditures | 9,377,170 | 9,096,692 |
| Unassigned | 13,469,496 | 11,734,678 |
| Total Fund Balance | 52,780,617 | 55,210,033 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 64,216,488 | \$ 67,104,180 |

Matanuska-Susitna Borough, Alaska

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Taxes: | | | | |
| Current year property tax levy | \$ 97,725,600 | \$ 95,907,419 | \$ (1,818,181) | \$ 93,464,987 |
| Penalty and interest on taxes | 1,000,000 | 1,076,762 | 76,762 | 282,084 |
| Foreclosure costs | 120,000 | 93,423 | (26,577) | 147,761 |
| Recording and attorney fees | 4,000 | 44,419 | 40,419 | 6,350 |
| Vehicle taxes collected | | | | |
| through State of Alaska | 2,611,430 | 2,039,657 | (571,773) | 2,401,556 |
| Excise taxes | 8,609,000 | 9,418,381 | 809,381 | 7,768,567 |
| Transient accommodations tax | 1,212,500 | 1,428,373 | 215,873 | 1,268,575 |
| Total taxes | 111,282,530 | 110,008,434 | (1,274,096) | 105,339,880 |
| Intergovernmental: | | | | |
| State sources: | | | | |
| Debt service reimbursement | 19,942,047 | 19,831,024 | (111,023) | 22,610,591 |
| Community assistance | 1,500,000 | 1,972,291 | 472,291 | 2,417,338 |
| PERS relief | - | 1,137,871 | 1,137,871 | 583,926 |
| In lieu of taxes | 9,000 | 8,853 | (147) | 9,402 |
| Other | - | 151 | 151 | 127 |
| Federal sources: | | | | |
| In lieu of taxes | 2,500,000 | 3,707,324 | 1,207,324 | 3,637,432 |
| Other | - | 22,084 | 22,084 | 30,524 |
| Total intergovernmental | 23,951,047 | 26,679,598 | 2,728,551 | 29,289,340 |
| Charges for services: | | | | |
| Ambulance | 4,501,500 | 3,582,622 | (918,878) | 3,705,756 |
| Engineering inspections | 109,000 | 138,465 | 29,465 | 138,331 |
| Planning and zoning | 145,000 | 162,929 | 17,929 | 162,640 |
| Ice arena | 360,000 | 426,430 | 66,430 | 408,247 |
| Community pool fees | 369,600 | 376,677 | 7,077 | 481,208 |
| Business licenses | 300,000 | 468,353 | 168,353 | 360,900 |
| Leases | - | - | - | 400,000 |
| Other | 296,300 | 359,063 | 62,763 | 384,055 |
| Total charges for services | 6,081,400 | 5,514,539 | (566,861) | 6,041,137 |
| Investment income | 450,000 | 7,610,724 | 7,160,724 | 824,246 |
| Total Revenues | 141,764,977 | 149,813,295 | 8,048,318 | 141,494,603 |

Matanuska-Susitna Borough, Alaska

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual with Comparative Actuals, continued

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|-------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Expenditures | | | | |
| General government: | | | | |
| Mayor | \$ 67,440 | \$ 59,544 | \$ 7,896 | \$ 74,649 |
| Assembly | 482,339 | 371,070 | 111,269 | 363,317 |
| Clerk | 546,955 | 536,626 | 10,329 | 496,833 |
| Administration | 1,721,446 | 1,511,128 | 210,318 | 1,579,428 |
| Elections | 486,620 | 422,672 | 63,948 | 341,433 |
| Records management | 487,054 | 441,642 | 45,412 | 439,947 |
| Finance | 770,458 | 461,030 | 309,428 | 424,292 |
| Budgeting | 1,774,679 | 1,541,210 | 233,469 | 1,370,617 |
| Accounting | 1,760,579 | 1,616,704 | 143,875 | 1,678,829 |
| Law | 1,913,458 | 1,510,921 | 402,537 | 1,244,738 |
| Human resources | 659,475 | 612,070 | 47,405 | 610,271 |
| Common contractual | 1,835,700 | 1,026,635 | 809,065 | 1,005,717 |
| Adj. and appeals/bid review board | 44,550 | 702 | 43,848 | 7,916 |
| Planning | 2,961,336 | 2,650,430 | 310,906 | 2,514,396 |
| Planning administration | 459,685 | 447,063 | 12,622 | 445,433 |
| Economic development | 788,107 | 789,845 | (1,738) | 740,800 |
| Pass-through to cities | 325,000 | 325,000 | - | 225,000 |
| Assessments | 2,870,280 | 2,507,789 | 362,491 | 2,599,873 |
| Information technology | 5,727,880 | 5,178,013 | 549,867 | 5,237,969 |
| Purchasing | 955,195 | 859,745 | 95,450 | - |
| Total general government | 26,638,236 | 22,869,839 | 3,768,397 | 21,401,458 |
| Less recovery of expenditures from other funds | (456,700) | (357,986) | (98,714) | (454,939) |
| Net general government | 26,181,536 | 22,511,853 | 3,669,683 | 20,946,519 |
| Public works: | | | | |
| Public works administration | 164,952 | 150,738 | 14,214 | 163,120 |
| Maintenance | 1,932,297 | 1,830,317 | 101,980 | 1,771,409 |
| Project management and engineering | 2,929,281 | 2,599,153 | 330,128 | 3,548,640 |
| Public works operations | 124,839 | 116,172 | 8,667 | 108,812 |
| Total public works | 5,151,369 | 4,696,380 | 454,989 | 5,591,981 |

Matanuska-Susitna Borough, Alaska

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual with Comparative Actuals, continued

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|-------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Expenditures, continued | | | | |
| Emergency services: | | | | |
| Local emergency planning board | \$ 11,950 | \$ 4,485 | \$ 7,465 | \$ 3,148 |
| Rescue units | 1,058,858 | 911,112 | 147,746 | 897,228 |
| Ambulance operation | 8,990,747 | 7,341,595 | 1,649,152 | 7,125,896 |
| Emergency management | 560,032 | 212,457 | 347,575 | 263,880 |
| Emergency services building | 215,682 | 111,242 | 104,440 | 121,251 |
| Fleet maintenance | 286,988 | 220,965 | 66,023 | 181,121 |
| Telecommunications network | 1,398,104 | 944,501 | 453,603 | 751,749 |
| Emergency services administration | 1,551,890 | 1,185,182 | 366,708 | 1,536,978 |
| Total emergency services | 14,074,251 | 10,931,539 | 3,142,712 | 10,881,251 |
| Less recovery of expenditures from other funds | (745,829) | (688,369) | (57,460) | (685,197) |
| Net emergency services | 13,328,422 | 10,243,170 | 3,085,252 | 10,196,054 |
| Public services: | | | | |
| Vehicle removal | 27,500 | 18,356 | 9,144 | 17,218 |
| Community services | 225,596 | 164,605 | 60,991 | 67,595 |
| Cultural resources | - | - | - | 2,025 |
| Parks and recreation | 523,469 | 390,288 | 133,181 | 410,287 |
| Ice arena | 853,570 | 801,196 | 52,374 | 751,268 |
| Outdoor ice rinks | 5,100 | 1,577 | 3,523 | 1,025 |
| Recreational services | 318,125 | 279,930 | 38,195 | 308,955 |
| Community pools | 1,551,663 | 1,164,854 | 386,809 | 1,254,811 |
| Community development administration | 906,688 | 823,115 | 83,573 | 767,205 |
| Road service administration | 2,480,179 | 2,393,269 | 86,910 | 2,174,166 |
| Recreation infrastructure maintenance | 333,068 | 299,741 | 33,327 | 244,290 |
| Total public services | 7,224,958 | 6,336,931 | 888,027 | 5,998,845 |
| Less recovery of expenditures from other funds | (2,673,479) | (2,499,577) | (173,902) | (2,331,177) |
| Net public services | 4,551,479 | 3,837,354 | 714,125 | 3,667,668 |

Matanuska-Susitna Borough, Alaska

General Fund

Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual with Comparative Actuals, continued

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|--|-------------------------------|----------------------|-----------------------------|----------------------|
| | Budget | Actual | Variance | Actual |
| Expenditures, continued | | | | |
| Education - contributions to School District | \$ 58,374,918 | \$ 58,374,918 | \$ - | \$ 55,841,300 |
| Total Expenditures | 107,587,724 | 99,663,675 | 7,924,049 | 96,243,522 |
| Excess of Revenues | | | | |
| Over Expenditures | 34,177,253 | 50,149,620 | 15,972,367 | 45,251,081 |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 15,000 | 20,517 | 5,517 | 34,905 |
| Transfers in | 200,737 | 785,527 | 584,790 | 4,964,497 |
| Transfers out | (53,371,234) | (53,385,080) | (13,846) | (46,249,639) |
| Net Other Financing Sources (Uses) | (53,155,497) | (52,579,036) | 576,461 | (41,250,237) |
| Net Change in Fund Balance | <u>\$ (18,978,244)</u> | (2,429,416) | <u>\$ 16,548,828</u> | 4,000,844 |
| Fund Balance, beginning | | <u>55,210,033</u> | | <u>51,209,189</u> |
| Fund Balance, ending | | <u>\$ 52,780,617</u> | | <u>\$ 55,210,033</u> |

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SPECIAL REVENUE FUNDS

Matanuska-Susitna Borough, Alaska

Special Revenue Funds
Combining Balance Sheet

| <i>June 30,</i> | Nonareawide | Land | Totals | |
|---|-------------------------------|---------------------|----------------------|----------------------|
| | Services and Service Areas | Management | 2019 | 2018 |
| Assets | | | | |
| Cash and investments | \$ 32,137,610 | \$ 5,602,352 | \$ 37,739,962 | \$ 34,572,052 |
| Prepaid items | 66,473 | - | 66,473 | 52,734 |
| Receivables: | | | | |
| Intergovernmental | 202 | - | 202 | 761,217 |
| Property taxes, net of allowance | 1,804,237 | - | 1,804,237 | 2,835,545 |
| Land sales contracts, net | - | 15,586 | 15,586 | 10,125 |
| Interfund loan receivable | 1,285,000 | 2,221,894 | 3,506,894 | 2,243,488 |
| Other | 437,777 | 6,421 | 444,198 | 259,667 |
| Land sales contracts receivable, long-term | - | 364,656 | 364,656 | 437,673 |
| Total Assets | \$ 35,731,299 | \$ 8,210,909 | \$ 43,942,208 | \$ 41,172,501 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 803,170 | \$ 50,494 | \$ 853,664 | \$ 750,691 |
| Deposits | 20,734 | 75,874 | 96,608 | 91,789 |
| Interfund loans payable | 481,184 | - | 481,184 | 558,352 |
| Total Liabilities | 1,305,088 | 126,368 | 1,431,456 | 1,400,832 |
| Deferred Inflows of Resources | | | | |
| Special assessments | 7,028 | - | 7,028 | 6,751 |
| Delinquent property taxes | 1,606,540 | - | 1,606,540 | 2,560,817 |
| Land sales receivables not yet due | - | 364,656 | 364,656 | 437,673 |
| Total Liabilities and Deferred Inflows of Resources | 2,918,656 | 491,024 | 3,409,680 | 4,406,073 |
| Fund Balances | | | | |
| Nonspendable - prepaid items | 66,473 | - | 66,473 | 52,734 |
| Committed: | | | | |
| Long-term loan receivable | 1,285,000 | 2,221,894 | 3,506,894 | 2,243,488 |
| Land management | - | 4,376,354 | 4,376,354 | 1,688,753 |
| Self-insurance | 10,000 | - | 10,000 | 10,000 |
| Accrued leave | 20,000 | 10,000 | 30,000 | 30,000 |
| Equipment | 100,000 | - | 100,000 | 100,000 |
| Assigned: | | | | |
| Subsequent year expenditures | 7,990,681 | 907,218 | 8,897,899 | 4,052,566 |
| Subsequent year appropriations | 590,000 | 204,419 | 794,419 | 80,000 |
| Land management | - | - | - | 3,490,785 |
| Service areas | 22,750,489 | - | 22,750,489 | 25,265,189 |
| Total Fund Balances | 32,812,643 | 7,719,885 | 40,532,528 | 36,766,428 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 35,731,299 | \$ 8,210,909 | \$ 43,942,208 | \$ 41,172,501 |

Matanuska-Susitna Borough, Alaska
Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

| <i>Years Ended June 30,</i> | Nonareawide | | Totals | |
|--|-------------------------------|---------------------|----------------------|----------------------|
| | Services and Service Areas | Land Management | 2019 | 2018 |
| Revenues | | | | |
| Taxes | \$ 41,191,829 | \$ - | \$ 41,191,829 | \$ 38,867,940 |
| Intergovernmental | 1,039,695 | 38,660 | 1,078,355 | 951,606 |
| Charges for services | 2,949,110 | 622,707 | 3,571,817 | 3,788,353 |
| Investment income | 44,608 | 8,867 | 53,475 | 49,826 |
| Interest on land sales | - | 54,373 | 54,373 | 34,897 |
| Other | 1,186,461 | 2,300 | 1,188,761 | 1,545,160 |
| Total Revenues | 46,411,703 | 726,907 | 47,138,610 | 45,237,782 |
| Expenditures | | | | |
| Current - | | | | |
| General government | 439,188 | - | 439,188 | 517,633 |
| Public works | - | - | - | - |
| Emergency services | 13,934,097 | - | 13,934,097 | 13,591,495 |
| Public services | 13,451,408 | 1,206,835 | 14,658,243 | 14,570,551 |
| Debt service | 4,211 | - | 4,211 | 4,570 |
| Total Expenditures | 27,828,904 | 1,206,835 | 29,035,739 | 28,684,249 |
| Excess (Deficiency) of Revenues Over Expenditures | 18,582,799 | (479,928) | 18,102,871 | 16,553,533 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 4,216,317 | 133,617 | 4,349,934 | 608,852 |
| Transfers out | (18,360,283) | (340,500) | (18,700,783) | (15,493,145) |
| Sale of capital assets | 14,078 | - | 14,078 | 27,840 |
| Net Other Financing Sources (Uses) | (14,129,888) | (206,883) | (14,336,771) | (14,856,453) |
| Net Change in Fund Balances | 4,452,911 | (686,811) | 3,766,100 | 1,697,080 |
| Fund Balances, beginning | 28,359,732 | 8,406,696 | 36,766,428 | 35,069,348 |
| Fund Balances, ending | \$ 32,812,643 | \$ 7,719,885 | \$ 40,532,528 | \$ 36,766,428 |

Matanuska-Susitna Borough, Alaska
Nonareawide Services and Service Areas Special Revenue Funds
Combining Balance Sheet

| | Non-areawide Services | Service Area 7 Talkeetna Flood Control | Service Area 36 Talkeetna Water and Sewer | Freedom Hills Sub-division | Circle View/ Stampede Estates | Enhanced 911 Service | Chase Trail | Service Area 69 Point MacKenzie | Fire Fleet Maintenance | Roads Outside Service Areas | Combined | | Totals |
|---|-----------------------|---|--|----------------------------|----------------------------------|----------------------|-----------------|------------------------------------|------------------------|-----------------------------|----------------------|---------------------|----------------------|
| | | | | | | | | | | | Fire Service Areas | Road Service Areas | |
| Assets | | | | | | | | | | | | | |
| Cash and investments | \$ 1,544,927 | \$ 146,332 | \$ 897,878 | \$ 29,844 | \$ 168,365 | \$ 4,716,244 | \$ 9,080 | \$ 423,290 | \$ 531 | \$ 328 | \$ 18,782,318 | \$ 5,418,473 | \$ 32,137,610 |
| Receivables: | | | | | | | | | | | | | |
| Intergovernmental | 13 | - | - | - | - | - | - | - | - | - | 189 | - | 202 |
| Property taxes, net of allowance | 200,108 | 1,759 | - | - | 1,753 | - | - | 135,141 | - | - | 629,582 | 835,894 | 1,804,237 |
| Interfund loan receivable | - | - | - | - | - | - | - | - | - | - | 1,285,000 | - | 1,285,000 |
| Other | 5,826 | - | 209,082 | - | 491 | 222,071 | - | - | - | - | 307 | - | 437,777 |
| Prepaid items | 32,008 | - | 640 | - | - | 27,425 | - | - | - | - | 6,400 | - | 66,473 |
| Total Assets | \$ 1,782,882 | \$ 148,091 | \$ 1,107,600 | \$ 29,844 | \$ 170,609 | \$ 4,965,740 | \$ 9,080 | \$ 558,431 | \$ 531 | \$ 328 | \$ 20,703,796 | \$ 6,254,367 | \$ 35,731,299 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | |
| Accounts payable | \$ 62,060 | \$ - | \$ 24,339 | \$ - | \$ - | \$ 7,496 | \$ - | \$ 3,550 | \$ 531 | \$ - | \$ 129,958 | \$ 575,236 | \$ 803,170 |
| Interfund loans payable | - | - | 221,548 | - | 96,000 | - | - | - | - | - | 20,000 | 143,636 | 481,184 |
| Other | - | - | - | - | - | - | - | - | - | - | - | 20,734 | 20,734 |
| Total Liabilities | 62,060 | - | 245,887 | - | 96,000 | 7,496 | - | 3,550 | 531 | - | 149,958 | 739,606 | 1,305,088 |
| Deferred Inflows of Resources | | | | | | | | | | | | | |
| Special assessments | - | - | - | - | 7,028 | - | - | - | - | - | - | - | 7,028 |
| Delinquent property taxes | 173,832 | 1,673 | - | - | 1,564 | - | - | 135,141 | - | - | 542,217 | 752,113 | 1,606,540 |
| Total Liabilities and Deferred Inflows of Resources | 235,892 | 1,673 | 245,887 | - | 104,592 | 7,496 | - | 138,691 | 531 | - | 692,175 | 1,491,719 | 2,918,656 |
| Fund Balances | | | | | | | | | | | | | |
| Nonspendable - prepaid items | 32,008 | - | 640 | - | - | 27,425 | - | - | - | - | 6,400 | - | 66,473 |
| Committed: | | | | | | | | | | | | | |
| Long-term loan receivable | - | - | - | - | - | - | - | - | - | - | 1,285,000 | - | 1,285,000 |
| Self-insurance | 10,000 | - | - | - | - | - | - | - | - | - | - | - | 10,000 |
| Accrued leave | 20,000 | - | - | - | - | - | - | - | - | - | - | - | 20,000 |
| Equipment | 100,000 | - | - | - | - | - | - | - | - | - | - | - | 100,000 |
| Assigned: | | | | | | | | | | | | | |
| Subsequent year expenditures | - | 21,950 | - | 14,799 | - | - | 2,002 | 51,484 | - | 95 | 6,329,885 | 1,570,466 | 7,990,681 |
| Subsequent year appropriations | 20,000 | - | 500,000 | - | - | - | - | - | - | - | 70,000 | - | 590,000 |
| Service areas | 1,364,982 | 124,468 | 361,073 | 15,045 | 66,017 | 4,930,819 | 7,078 | 368,256 | - | 233 | 12,320,336 | 3,192,182 | 22,750,489 |
| Total Fund Balances | 1,546,990 | 146,418 | 861,713 | 29,844 | 66,017 | 4,958,244 | 9,080 | 419,740 | - | 328 | 20,011,621 | 4,762,648 | 32,812,643 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 1,782,882 | \$ 148,091 | \$ 1,107,600 | \$ 29,844 | \$ 170,609 | \$ 4,965,740 | \$ 9,080 | \$ 558,431 | \$ 531 | \$ 328 | \$ 20,703,796 | \$ 6,254,367 | \$ 35,731,299 |

Matanuska-Susitna Borough, Alaska
 Nonareawide Services and Service Areas Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances (Deficits)

| Year Ended June 30, 2019 | Non- | Service | Service | Freedom | Garden | Circle | Enhanced | Chase | Service | Fire | Roads | Combined | | Totals |
|--|---------------------|-------------------|-------------------|------------------|------------------|------------------|---------------------|-----------------|-------------------|-----------------|---------------|----------------------|---------------------|----------------------|
| | areawide | Area 7 | Area 36 | Hills | Terrace | View/ | 911 | Trail | Area 69 | Fleet | Outside | Fire | Road | |
| | Services | Talkeetna | Talkeetna | Sub- | Estates | Stampede | Service | | Point | Maint- | Service | Service | Service | |
| | | Flood | Water | division | | | | | MacKenzie | enance | Areas | Areas | Areas | |
| Revenues | | | | | | | | | | | | | | |
| Taxes | \$ 4,227,499 | \$ 30,577 | \$ 1,083,732 | \$ - | \$ - | \$ 22,820 | \$ - | \$ 612 | \$ 18,891 | \$ - | \$ - | \$ 17,047,584 | \$ 18,760,114 | \$ 41,191,829 |
| Intergovernmental | 899,794 | - | 4,402 | - | - | - | - | - | - | 14,175 | - | 121,324 | - | 1,039,695 |
| Charges for services | 275,858 | - | 372,418 | - | - | - | 2,300,834 | - | - | - | - | - | - | 2,949,110 |
| Investment income | 2,270 | 221 | 221 | 45 | - | 239 | 5,066 | 13 | 659 | - | - | 29,648 | 6,226 | 44,608 |
| Other | 25,683 | - | - | - | - | - | - | - | - | 377,530 | - | 782,444 | 804 | 1,186,461 |
| Total Revenues | 5,431,104 | 30,798 | 1,460,773 | 45 | - | 23,059 | 2,305,900 | 625 | 19,550 | 391,705 | - | 17,981,000 | 18,767,144 | 46,411,703 |
| Expenditures | | | | | | | | | | | | | | |
| Current - | | | | | | | | | | | | | | |
| General government | 439,188 | - | - | - | - | - | - | - | - | - | - | - | - | 439,188 |
| Public works | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Emergency services | 2,337,009 | - | - | - | - | - | 1,494,508 | - | - | 340,298 | - | 9,762,282 | - | 13,934,097 |
| Public services | 1,569,021 | 33,727 | 310,529 | - | 107,034 | - | - | - | 51,400 | - | - | - | 11,379,697 | 13,451,408 |
| Debt service | - | - | 1,579 | - | - | 255 | - | - | - | - | - | - | 2,377 | 4,211 |
| Total Expenditures | 4,345,218 | 33,727 | 312,108 | - | 107,034 | 255 | 1,494,508 | - | 51,400 | 340,298 | - | 9,762,282 | 11,382,074 | 27,828,904 |
| Excess (Deficiency) of Revenues | | | | | | | | | | | | | | |
| Over Expenditures | 1,085,886 | (2,929) | 1,148,665 | 45 | (107,034) | 22,804 | 811,392 | 625 | (31,850) | 51,407 | - | 8,218,718 | 7,385,070 | 18,582,799 |
| Other Financing Sources (Uses) | | | | | | | | | | | | | | |
| Transfers in | 48,484 | - | - | - | - | - | 3,063,166 | - | - | - | - | 1,068,443 | 36,224 | 4,216,317 |
| Transfers out | (1,837,218) | - | (50,000) | - | - | - | (1,216,905) | - | - | (51,407) | - | (10,102,623) | (5,102,130) | (18,360,283) |
| Sale of capital assets | 500 | - | - | - | - | - | - | - | - | - | - | 13,578 | - | 14,078 |
| Net Other Financing Sources (Uses) | (1,788,234) | - | (50,000) | - | - | - | 1,846,261 | - | - | (51,407) | - | (9,020,602) | (5,065,906) | (14,129,888) |
| Net Change in Fund Balances | (702,348) | (2,929) | 1,098,665 | 45 | (107,034) | 22,804 | 2,657,653 | 625 | (31,850) | - | - | (801,884) | 2,319,164 | 4,452,911 |
| Fund Balances (Deficits), beginning | 2,249,338 | 149,347 | (236,952) | 29,799 | 107,034 | 43,213 | 2,300,591 | 8,455 | 451,590 | - | 328 | 20,813,505 | 2,443,484 | 28,359,732 |
| Fund Balances, ending | \$ 1,546,990 | \$ 146,418 | \$ 861,713 | \$ 29,844 | \$ - | \$ 66,017 | \$ 4,958,244 | \$ 9,080 | \$ 419,740 | \$ - | \$ 328 | \$ 20,011,621 | \$ 4,762,648 | \$ 32,812,643 |

Matanuska-Susitna Borough, Alaska
Nonareawide Services Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 | |
|---|-----------------------|---------------------|-------------------|-----------|------------------|
| | Budget | Actual | Variance | Actual | |
| Revenues | | | | | |
| Taxes | \$ 4,181,700 | \$ 4,227,499 | \$ 45,799 | \$ | 4,058,255 |
| Intergovernmental: | | | | | |
| State PERS relief | - | 131,109 | 131,109 | | 65,936 |
| Electric and telephone cooperative shared revenue | 750,000 | 728,149 | (21,851) | | 761,045 |
| Library grants | 35,000 | 40,536 | 5,536 | | 38,632 |
| Total intergovernmental | 785,000 | 899,794 | 114,794 | | 865,613 |
| Charges for services: | | | | | |
| Animal care fees | 223,000 | 252,891 | 29,891 | | 237,823 |
| User fees | 30,000 | 22,967 | (7,033) | | 25,246 |
| Total charges for services | 253,000 | 275,858 | 22,858 | | 263,069 |
| Investment income | 1,500 | 2,270 | 770 | | 2,556 |
| Other | 71,319 | 25,683 | (45,636) | | 110,205 |
| Total Revenues | 5,292,519 | 5,431,104 | 138,585 | | 5,299,698 |
| Expenditures | | | | | |
| Current - | | | | | |
| General government: | | | | | |
| Administration | 114,000 | 114,000 | - | | 109,500 |
| Information technology | 213,085 | 151,161 | 61,924 | | 144,335 |
| Economic development | 386,044 | 174,027 | 212,017 | | 263,725 |
| Animal care board | - | - | - | | 73 |
| Total general government | 713,129 | 439,188 | 273,941 | | 517,633 |
| Emergency services - animal care | 2,523,452 | 2,337,009 | 186,443 | | 2,269,124 |
| Public services: | | | | | |
| Vehicle removal | 68,866 | 42,519 | 26,347 | | 50,748 |
| Libraries | 1,733,695 | 1,524,259 | 209,436 | | 1,451,147 |
| Medical supplies | 3,500 | 2,243 | 1,257 | | - |
| Total public services | 1,806,061 | 1,569,021 | 235,783 | | 1,501,895 |
| Total Expenditures | 5,042,642 | 4,345,218 | 696,167 | | 4,288,652 |
| Excess of Revenues Over Expenditures | 249,877 | 1,085,886 | 836,009 | | 1,011,046 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | 48,484 | 48,484 | | 10,328 |
| Transfers out | (1,837,218) | (1,837,218) | - | | (680,329) |
| Sale of capital assets | - | 500 | 500 | | - |
| Net Other Financing Uses | (1,837,218) | (1,788,234) | 48,984 | | (670,001) |
| Net Change in Fund Balance | \$ (1,587,341) | (702,348) | \$ 884,993 | | 341,045 |
| Fund Balance, beginning | | 2,249,338 | | | 1,908,293 |
| Fund Balance, ending | | \$ 1,546,990 | | \$ | 2,249,338 |

Matanuska-Susitna Borough, Alaska

Service Area 7 - Talkeetna Flood Control Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|--|---------------------------|--------------------------|------------------------|--------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Taxes | \$ 29,860 | \$ 30,577 | \$ 717 | \$ 31,304 |
| Investment income | 150 | 221 | 71 | 200 |
| Total Revenues | 30,010 | 30,798 | 788 | 31,504 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 42,796 | 33,727 | \$ 9,069 | 672 |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (12,786)</u> | (2,929) | <u>\$ 9,857</u> | 30,832 |
| Fund Balance, beginning | | <u>149,347</u> | | <u>118,515</u> |
| Fund Balance, ending | | <u>\$ 146,418</u> | | <u>\$ 149,347</u> |

Matanuska-Susitna Borough, Alaska

Service Area 36 - Talkeetna Water and Sewer Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance (Deficit) - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|-------------------------|-------------------|----------------------------|---------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Charges for services - water and sewer | \$ 415,000 | \$ 372,418 | \$ (42,582) | \$ 369,540 |
| Intergovernmental - PERS relief | - | 4,402 | 4,402 | 1,533 |
| Taxes | 120,000 | 1,083,732 | 963,732 | 163,591 |
| Investment income | - | 221 | 221 | 146 |
| Total Revenues | 535,000 | 1,460,773 | 925,773 | 534,810 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 466,497 | 310,529 | 155,968 | 313,862 |
| Debt service | 1,633 | 1,579 | 54 | 1,706 |
| Total Expenditures | 468,130 | 312,108 | 156,022 | 315,568 |
| Excess of Revenues Over Expenditures | 66,870 | 1,148,665 | 1,081,795 | 219,242 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | 3,291 |
| Transfers out | - | (50,000) | (50,000) | - |
| Net Other Financing Sources (Uses) | - | (50,000) | (50,000) | 3,291 |
| Net Change in Fund Deficit | <u>\$ 66,870</u> | 1,098,665 | <u>\$ 1,031,795</u> | 222,533 |
| Fund Deficit, beginning | | <u>(236,952)</u> | | <u>(459,485)</u> |
| Fund Balance, ending | | <u>\$ 861,713</u> | | <u>\$ (236,952)</u> |

Matanuska-Susitna Borough, Alaska
Freedom Hills Subdivision Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|--|---------------------------|-------------------------|-------------------------|-------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Investment income | \$ - | \$ 45 | \$ 45 | \$ 45 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 15,000 | - | 15,000 | - |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (15,000)</u> | 45 | <u>\$ 15,045</u> | 45 |
| Fund Balance, beginning | | <u>29,799</u> | | <u>29,754</u> |
| Fund Balance, ending | | <u>\$ 29,844</u> | | <u>\$ 29,799</u> |

Matanuska-Susitna Borough, Alaska
Garden Terrace Estates Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|----------------|----------|-------------------|
| | Budget | Actual | Variance | Actual |
| Expenditures | | | | |
| Current - | | | | |
| Public services | \$ 107,034 | \$ 107,034 | \$ - | \$ - |
| Deficiency of Revenues Over Expenditures | <u>(107,034)</u> | (107,034) | <u>-</u> | - |
| Fund Balance, beginning | | <u>107,034</u> | | <u>107,034</u> |
| Fund Balance, ending | | <u>\$ -</u> | | <u>\$ 107,034</u> |

Matanuska-Susitna Borough, Alaska

Circle View/Stampede Estates Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance (Deficit) - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|------------------|-----------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 21,840 | \$ 22,820 | \$ 980 | \$ 21,502 |
| Investment income | 150 | 239 | 89 | 214 |
| Total Revenues | 21,990 | 23,059 | 1,069 | 21,716 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 5,000 | - | 5,000 | - |
| Debt service | 255 | 255 | - | 270 |
| Total Expenditures | 5,255 | 255 | 5,000 | 270 |
| Excess of Revenues over Expenditures | \$ 16,735 | 22,804 | \$ 6,069 | 21,446 |
| Fund Balance, beginning | | 43,213 | | 21,767 |
| Fund Balance, ending | | \$ 66,017 | | \$ 43,213 |

Matanuska-Susitna Borough, Alaska
Enhanced 911 Service Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------------------|---------------------|----------------------------|---------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Charges for services - telephone surcharge | \$ 2,380,000 | \$ 2,300,834 | \$ (79,166) | \$ 2,330,416 |
| Investment income | 1,500 | 5,066 | 3,566 | 2,566 |
| Other | - | - | - | 3,774 |
| Total Revenues | 2,381,500 | 2,305,900 | (75,600) | 2,336,756 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services | 1,620,033 | 1,494,508 | 125,525 | 1,631,483 |
| Excess of Revenues Over Expenditures | 761,467 | 811,392 | 49,925 | 705,273 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 3,063,166 | 3,063,166 | 15,284 |
| Transfers out | (1,216,905) | (1,216,905) | - | (53,276) |
| Net Other Financing Sources (Uses) | (1,216,905) | 1,846,261 | 3,063,166 | (37,992) |
| Net Change in Fund Balance | <u>\$ (455,438)</u> | 2,657,653 | <u>\$ 3,113,091</u> | \$ 667,281 |
| Fund Balance, beginning | | <u>2,300,591</u> | | <u>1,633,310</u> |
| Fund Balance, ending | | <u>\$ 4,958,244</u> | | <u>\$ 2,300,591</u> |

Matanuska-Susitna Borough, Alaska

Chase Trail Special Revenue Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|--|-------------------|-----------------|-----------------|-----------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 610 | \$ 612 | \$ 2 | \$ 600 |
| Investment income | 10 | 13 | 3 | 12 |
| Total Revenues | 620 | 625 | 5 | 612 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 7,073 | - | 7,073 | - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (6,453) | 625 | \$ 7,078 | 612 |
| Fund Balance, beginning | | 8,455 | | 7,843 |
| Fund Balance, ending | | \$ 9,080 | | \$ 8,455 |

Matanuska-Susitna Borough, Alaska

Service Area 69 - Point MacKenzie Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 56,500 | \$ 18,891 | \$ (37,609) | \$ 21,286 |
| Investment income | 1,000 | 659 | (341) | 724 |
| Total Revenues | 57,500 | 19,550 | (37,950) | 22,010 |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 83,429 | 51,400 | 32,029 | 47,712 |
| Deficiency of Revenues Over Expenditures | <u>\$ (25,929)</u> | (31,850) | <u>\$ (5,921)</u> | (25,702) |
| Fund Balance, beginning | | <u>451,590</u> | | <u>477,292</u> |
| Fund Balance, ending | | <u>\$ 419,740</u> | | <u>\$ 451,590</u> |

Matanuska-Susitna Borough, Alaska
Fire Fleet Maintenance Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------|----------------|---------------|----------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Intergovernmental - PERS relief | \$ - | \$ 14,175 | \$ 14,175 | \$ 6,642 |
| Other | 376,200 | 377,530 | 1,330 | 362,517 |
| Total Revenues | 376,200 | 391,705 | 15,505 | 369,159 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services | 376,200 | 340,298 | 35,902 | 268,180 |
| Total Expenditures | 376,200 | 340,298 | 35,902 | 268,180 |
| Excess of Revenues Over Expenditures | - | 51,407 | 51,407 | 100,979 |
| Other Financing Uses | | | | |
| Transfers out | - | (51,407) | (51,407) | (100,979) |
| Net Change in Fund Balance | \$ - | - | \$ - | - |
| Fund Balance, beginning | | - | | - |
| Fund Balance, ending | | \$ - | | \$ - |

Matanuska-Susitna Borough, Alaska

Roads Outside Service Areas Special Revenue Fund
 Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|-----------------|---------------|---------------|---------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Investment income | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Current - | | | | |
| Public services | 233 | - | 233 | - |
| Deficiency of Revenues Over Expenditures | <u>\$ (233)</u> | - | <u>\$ 233</u> | - |
| Fund Balance, beginning | | <u>328</u> | | <u>328</u> |
| Fund Balance, ending | | <u>\$ 328</u> | | <u>\$ 328</u> |

Matanuska-Susitna Borough, Alaska
Fire Service Areas Special Revenue Funds
Combining Balance Sheet

| June 30, 2019 | Service Area | | | | | | | | Totals |
|---|--------------------------|---------------------|--|-------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
| | 130 Central Mat-Su | 2 Butte | 132 Greater Palmer Consolidated | 4 Sutton | 24 Talkeetna | 136 West Lakes | 35 Willow | 135 Caswell | |
| Assets | | | | | | | | | |
| Cash and investments | \$ 8,578,111 | \$ 1,476,894 | \$ 5,739,531 | \$ 270,936 | \$ 370,594 | \$ 1,470,959 | \$ 388,352 | \$ 486,941 | \$ 18,782,318 |
| Receivables: | | | | | | | | | |
| Intergovernmental | 189 | - | - | - | - | - | - | - | 189 |
| Property taxes, net of allowance | 237,945 | 45,074 | 31,674 | 14,486 | 24,677 | 172,036 | 59,862 | 43,828 | 629,582 |
| Interfund loan receivable | 1,285,000 | - | - | - | - | - | - | - | 1,285,000 |
| Other | 307 | - | - | - | - | - | - | - | 307 |
| Prepaid items | 6,400 | - | - | - | - | - | - | - | 6,400 |
| Total Assets | \$ 10,107,952 | \$ 1,521,968 | \$ 5,771,205 | \$ 285,422 | \$ 395,271 | \$ 1,642,995 | \$ 448,214 | \$ 530,769 | \$ 20,703,796 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 71,314 | \$ 3,899 | \$ 5,739 | \$ 5,099 | \$ 6,751 | \$ 28,580 | \$ 5,316 | \$ 3,260 | \$ 129,958 |
| Interfund loans payable | - | - | - | - | - | - | 20,000 | - | 20,000 |
| Total Liabilities | 71,314 | 3,899 | 5,739 | 5,099 | 6,751 | 28,580 | 25,316 | 3,260 | 149,958 |
| Deferred Inflows of Resources | | | | | | | | | |
| Delinquent property taxes | 189,538 | 36,836 | 28,953 | 12,501 | 22,708 | 158,261 | 53,726 | 39,694 | 542,217 |
| Total Liabilities and Deferred Inflows of Resources | 260,852 | 40,735 | 34,692 | 17,600 | 29,459 | 186,841 | 79,042 | 42,954 | 692,175 |
| Fund Balances | | | | | | | | | |
| Nonspendable - prepaid items | 6,400 | - | - | - | - | - | - | - | 6,400 |
| Committed - long-term loan receivable | 1,285,000 | - | - | - | - | - | - | - | 1,285,000 |
| Assigned: | | | | | | | | | |
| Subsequent year appropriations | - | - | 70,000 | - | - | - | - | - | 70,000 |
| Subsequent year expenditures | 5,260,453 | 510,270 | - | 47,420 | 127,233 | 269,896 | 22,133 | 92,480 | 6,329,885 |
| Service areas | 3,295,247 | 970,963 | 5,666,513 | 220,402 | 238,579 | 1,186,258 | 347,039 | 395,335 | 12,320,336 |
| Total Fund Balances | 9,847,100 | 1,481,233 | 5,736,513 | 267,822 | 365,812 | 1,456,154 | 369,172 | 487,815 | 20,011,621 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 10,107,952 | \$ 1,521,968 | \$ 5,771,205 | \$ 285,422 | \$ 395,271 | \$ 1,642,995 | \$ 448,214 | \$ 530,769 | \$ 20,703,796 |

Matanuska-Susitna Borough, Alaska
Fire Service Areas Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

| | Service Area | | | | | | | | Totals |
|---|--------------------------|---------------------|--|-------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
| | 130 Central Mat-Su | 2 Butte | 132 Greater Palmer Consolidated | 4 Sutton | 24 Talkeetna | 136 West Lakes | 35 Willow | 135 Caswell | |
| <i>Year Ended June 30, 2019</i> | | | | | | | | | |
| Revenues | | | | | | | | | |
| Property taxes | \$ 10,208,471 | \$ 907,845 | \$ 1,316,613 | \$ 228,150 | \$ 355,308 | \$ 2,875,804 | \$ 841,859 | \$ 313,534 | \$ 17,047,584 |
| Intergovernmental - PERS relief | 113,088 | - | - | - | - | - | 4,118 | 4,118 | 121,324 |
| Investment income | 15,178 | 2,252 | 7,412 | 436 | 571 | 2,131 | 954 | 714 | 29,648 |
| Other | 385,097 | 15,030 | - | - | 26,070 | 356,247 | - | - | 782,444 |
| Total Revenues | 10,721,834 | 925,127 | 1,324,025 | 228,586 | 381,949 | 3,234,182 | 846,931 | 318,366 | 17,981,000 |
| Expenditures | | | | | | | | | |
| Current: | | | | | | | | | |
| Emergency services: | | | | | | | | | |
| Administration | 490,450 | 91,508 | 34,985 | 51,791 | 59,641 | 163,916 | 80,190 | 50,731 | 1,023,212 |
| Fire services | 4,804,709 | 437,001 | 475,837 | 140,472 | 251,076 | 1,935,370 | 435,939 | 258,666 | 8,739,070 |
| Total Expenditures | 5,295,159 | 528,509 | 510,822 | 192,263 | 310,717 | 2,099,286 | 516,129 | 309,397 | 9,762,282 |
| Excess of Revenues Over Expenditures | 5,426,675 | 396,618 | 813,203 | 36,323 | 71,232 | 1,134,896 | 330,802 | 8,969 | 8,218,718 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | 18,801 | 6,698 | 904,746 | 4,637 | 101,777 | 6,336 | 20,297 | 5,151 | 1,068,443 |
| Transfers out | (7,300,700) | (455,833) | (140,000) | (90,000) | (205,833) | (1,073,717) | (835,808) | (732) | (10,102,623) |
| Sale of capital assets | - | - | - | - | - | 2,778 | 8,800 | 2,000 | 13,578 |
| Net Other Financing Uses | (7,281,899) | (449,135) | 764,746 | (85,363) | (104,056) | (1,064,603) | (806,711) | 6,419 | (9,020,602) |
| Net Change in Fund Balances | (1,855,224) | (52,517) | 1,577,949 | (49,040) | (32,824) | 70,293 | (475,909) | 15,388 | (801,884) |
| Fund Balances, beginning | 11,702,324 | 1,533,750 | 4,158,564 | 316,862 | 398,636 | 1,385,861 | 845,081 | 472,427 | 20,813,505 |
| Fund Balances, ending | \$ 9,847,100 | \$ 1,481,233 | \$ 5,736,513 | \$ 267,822 | \$ 365,812 | \$ 1,456,154 | \$ 369,172 | \$ 487,815 | \$ 20,011,621 |

Matanuska-Susitna Borough, Alaska

Fire Service Area 130 - Central Mat-Su Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------------------|---------------------|----------------------------|----------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 10,240,230 | \$ 10,208,471 | \$ (31,759) | \$ 9,853,969 |
| Intergovernmental - PERS relief | - | 113,088 | 113,088 | 52,590 |
| Investment income | 15,000 | 15,178 | 178 | 14,850 |
| Other | 253,500 | 385,097 | 131,597 | 423,102 |
| Total Revenues | 10,508,730 | 10,721,834 | 213,104 | 10,344,511 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 515,533 | 490,450 | 25,083 | 471,694 |
| Fire services | 6,942,513 | 4,804,709 | 2,137,804 | 4,429,804 |
| Total Expenditures | 7,458,046 | 5,295,159 | 2,162,887 | 4,901,498 |
| Excess of Revenues Over Expenditures | 3,050,684 | 5,426,675 | 2,375,991 | 5,443,013 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 18,801 | 18,801 | 464,694 |
| Transfers out | (7,300,700) | (7,300,700) | - | (2,327,600) |
| Net Other Financing Uses | (7,300,700) | (7,281,899) | 18,801 | (1,862,906) |
| Net Change in Fund Balance | <u>\$ (4,250,016)</u> | (1,855,224) | <u>\$ 2,394,792</u> | 3,580,107 |
| Fund Balance, beginning | | <u>11,702,324</u> | | <u>8,122,217</u> |
| Fund Balance, ending | | <u>\$ 9,847,100</u> | | <u>\$ 11,702,324</u> |

Matanuska-Susitna Borough, Alaska
Fire Service Area 2 - Butte Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------------------|---------------------|--------------------------|---------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 908,790 | \$ 907,845 | \$ (945) | \$ 865,320 |
| Investment income | 1,800 | 2,252 | 452 | 2,120 |
| Other | 13,000 | 15,030 | 2,030 | 35,800 |
| Total Revenues | 923,590 | 925,127 | 1,537 | 903,240 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 93,979 | 91,508 | 2,471 | 87,983 |
| Fire services | 698,311 | 437,001 | 261,310 | 471,833 |
| Total Expenditures | 792,290 | 528,509 | 263,781 | 559,816 |
| Excess of Revenues Over Expenditures | 131,300 | 396,618 | 265,318 | 343,424 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 6,698 | 6,698 | 13,146 |
| Transfers out | (455,833) | (455,833) | - | (125,697) |
| Net Other Financing Uses | (455,833) | (449,135) | 6,698 | (112,551) |
| Net Change in Fund Balance | <u>\$ (324,533)</u> | (52,517) | <u>\$ 272,016</u> | 230,873 |
| Fund Balance, beginning | | <u>1,533,750</u> | | <u>1,302,877</u> |
| Fund Balance, ending | | <u>\$ 1,481,233</u> | | <u>\$ 1,533,750</u> |

Matanuska-Susitna Borough, Alaska

Fire Service Area 132 - Greater Palmer Consolidated Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|--------------------------|----------------------------|--------------------------|----------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,314,200 | \$ 1,316,613 | \$ 2,413 | \$ 1,266,070 |
| Investment income | 7,000 | 7,412 | 412 | 6,286 |
| Other | 1,000 | - | (1,000) | - |
| Total Revenues | 1,322,200 | 1,324,025 | 1,825 | 1,272,356 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 40,184 | 34,985 | 5,199 | 56,014 |
| Fire services | 495,922 | 475,837 | 20,085 | 439,554 |
| Total Expenditures | 536,106 | 510,822 | 25,284 | 495,568 |
| Excess of Revenues Over Expenditures | 786,094 | 813,203 | 27,109 | 776,788 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 904,746 | 904,746 | 5,056 |
| Transfers out | (140,000) | (140,000) | - | (860,000) |
| Net Other Financing Sources (Uses) | (140,000) | 764,746 | 904,746 | (854,944) |
| Net Change in Fund Balance | <u>\$ 646,094</u> | 1,577,949 | <u>\$ 931,855</u> | (78,156) |
| Fund Balance, beginning | | <u>4,158,564</u> | | <u>4,236,720</u> |
| Fund Balance, ending | | <u>\$ 5,736,513</u> | | <u>\$ 4,158,564</u> |

Matanuska-Susitna Borough, Alaska
Fire Service Area 4 - Sutton Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | 2018 | |
|--|---------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 231,130 | \$ 228,150 | \$ (2,980) | \$ 222,984 |
| Investment income | 400 | 436 | 36 | 454 |
| Total Revenues | 231,530 | 228,586 | (2,944) | 223,438 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 50,889 | 51,791 | (902) | 52,813 |
| Fire services | 227,432 | 140,472 | 86,960 | 152,486 |
| Total Expenditures | 278,321 | 192,263 | 86,058 | 205,299 |
| Excess (Deficiency) of Revenues Over Expenditures | (46,791) | 36,323 | 83,114 | 18,139 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 4,637 | 4,637 | 9,164 |
| Transfers out | (90,000) | (90,000) | - | (827) |
| Net Other Financing Sources (Uses) | (90,000) | (85,363) | 4,637 | 8,337 |
| Net Change in Fund Balance | \$ (136,791) | (49,040) | \$ 87,751 | 26,476 |
| Fund Balance, beginning | | 316,862 | | 290,386 |
| Fund Balance, ending | | \$ 267,822 | | \$ 316,862 |

Matanuska-Susitna Borough, Alaska

Fire Service Area 24 - Talkeetna Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | 2018 | |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 359,970 | 355,308 | \$ (4,662) | \$ 349,114 |
| Investment income | 1,000 | 571 | (429) | 586 |
| Other | 26,000 | 26,070 | 70 | 26,001 |
| Total Revenues | 386,970 | 381,949 | (5,021) | 375,701 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 63,488 | 59,641 | 3,847 | 60,343 |
| Fire services | 337,232 | 251,076 | 86,156 | 259,416 |
| Total Expenditures | 400,720 | 310,717 | 90,003 | 319,759 |
| Excess (Deficiency) of Revenues Over Expenditures | (13,750) | 71,232 | 84,982 | 55,942 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 101,777 | 101,777 | 9,100 |
| Transfers out | (205,833) | (205,833) | - | (50,833) |
| Net Other Financing Uses | (205,833) | (104,056) | 101,777 | (41,733) |
| Net Change in Fund Balance | <u>\$ (219,583)</u> | (32,824) | <u>\$ 186,759</u> | 14,209 |
| Fund Balance, beginning | | <u>398,636</u> | | <u>384,427</u> |
| Fund Balance, ending | | <u>\$ 365,812</u> | | <u>\$ 398,636</u> |

Matanuska-Susitna Borough, Alaska

Fire Service Area 136 - West Lakes Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------------------|----------------------------|--------------------------|----------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 2,897,680 | \$ 2,875,804 | \$ (21,876) | \$ 2,742,696 |
| Investment income | 3,000 | 2,131 | (869) | 2,496 |
| Other | 377,286 | 356,247 | (21,039) | 357,911 |
| Total Revenues | 3,277,966 | 3,234,182 | (43,784) | 3,103,103 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 169,353 | 163,916 | 5,437 | 161,247 |
| Fire services | 2,497,607 | 1,935,370 | 562,237 | 1,855,025 |
| Total Expenditures | 2,666,960 | 2,099,286 | 567,674 | 2,016,272 |
| Excess of Revenues Over Expenditures | 611,006 | 1,134,896 | 523,890 | 1,086,831 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 6,336 | 6,336 | 19,417 |
| Transfers out | (1,073,717) | (1,073,717) | - | (1,696,624) |
| Sale of capital assets | - | 2,778 | 2,778 | 27,840 |
| Net Other Financing Uses | (1,073,717) | (1,064,603) | 9,114 | (1,649,367) |
| Net Change in Fund Balance | <u>\$ (462,711)</u> | 70,293 | <u>\$ 533,004</u> | (562,536) |
| Fund Balance, beginning | | <u>1,385,861</u> | | <u>1,948,397</u> |
| Fund Balance, ending | | <u>\$ 1,456,154</u> | | <u>\$ 1,385,861</u> |

Matanuska-Susitna Borough, Alaska

Fire Service Area 35 - Willow Special Revenue Fund

Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|---------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property Taxes | \$ 847,190 | \$ 841,859 | \$ (5,331) | \$ 820,699 |
| Intergovernmental - PERS relief | - | 4,118 | 4,118 | 3,596 |
| Investment income | 1,000 | 954 | (46) | 1,250 |
| Other | 2,000 | - | (2,000) | - |
| Total Revenues | 850,190 | 846,931 | (3,259) | 825,545 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 82,549 | 80,190 | 2,359 | 77,734 |
| Fire Services | 581,655 | 435,939 | 145,716 | 543,064 |
| Total Expenditures | 664,204 | 516,129 | 148,075 | 620,798 |
| Excess of Revenues Over Expenditures | 185,986 | 330,802 | 144,816 | 204,747 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 20,297 | 20,297 | 42,134 |
| Transfers out | (835,808) | (835,808) | - | (100,401) |
| Sale of capital assets | - | 8,800 | 8,800 | - |
| Net Other Financing Uses | (835,808) | (806,711) | 29,097 | (58,267) |
| Net Change in Fund Balance | \$ (649,822) | (475,909) | \$ 173,913 | 146,480 |
| Fund Balance, beginning | | 845,081 | | 698,601 |
| Fund Balance, ending | | \$ 369,172 | | \$ 845,081 |

Matanuska-Susitna Borough, Alaska
Fire Service Area 135 - Caswell Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|--|--------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 347,470 | \$ 313,534 | \$ (33,936) | \$ 315,254 |
| Intergovernmental - PERS relief | - | 4,118 | 4,118 | 3,596 |
| Investment income | 1,000 | 714 | (286) | 751 |
| Total Revenues | 348,470 | 318,366 | (30,104) | 319,601 |
| Expenditures | | | | |
| Current - | | | | |
| Emergency services: | | | | |
| Administration | 53,046 | 50,731 | 2,315 | 53,474 |
| Fire services | 322,895 | 258,666 | 64,229 | 250,224 |
| Total Expenditures | 375,941 | 309,397 | 66,544 | 303,698 |
| Excess (Deficiency) of Revenues Over Expenditures | (27,471) | 8,969 | 36,440 | 15,903 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 5,151 | 5,151 | 10,111 |
| Transfers out | (732) | (732) | - | (85,584) |
| Sale of capital assets | - | 2,000 | 2,000 | - |
| Net Other Financing Sources (Uses) | (732) | 6,419 | 7,151 | (75,473) |
| Net Change in Fund Balance | \$ (28,203) | 15,388 | \$ 43,591 | (59,570) |
| Fund Balance, beginning | | 472,427 | | 531,997 |
| Fund Balance, ending | | \$ 487,815 | | \$ 472,427 |

Matanuska-Susitna Borough, Alaska
Road Service Areas Special Revenue Funds
Combining Balance Sheet

| | Service Area | | | | | | | | |
|---|---------------------|------------------------|-----------------------|-----------------------|--------------------|------------------------|-------------------------|---------------------------|-----------------------|
| | 9 Midway Road | 14 Fairview Road | 15 Caswell Lake | 16 South Colony | 17 Knik Road | 19 Lazy Mountain | 20 Greater Willow | 21 Big Lake Road | 23 North Colony |
| <i>June 30, 2019</i> | | | | | | | | | |
| Assets | | | | | | | | | |
| Cash and investments | \$ 386,444 | \$ 292,599 | \$ 171,123 | \$ 373,219 | \$ 375,531 | \$ 192,204 | \$ 260,933 | \$ 649,987 | \$ 178,552 |
| Receivables - property taxes, net of allowance | 66,370 | 21,558 | 96,187 | 27,284 | 93,432 | 17,379 | 62,875 | 80,725 | 11,967 |
| Total Assets | \$ 452,814 | \$ 314,157 | \$ 267,310 | \$ 400,503 | \$ 468,963 | \$ 209,583 | \$ 323,808 | \$ 730,712 | \$ 190,519 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ 26,680 | \$ 29,828 | \$ 32,580 | \$ 63,363 | \$ 83,545 | \$ 8,430 | \$ 46,386 | \$ 57,080 | \$ 7,996 |
| Interfund loans payable | 19,434 | 11,419 | - | 41,899 | - | 230 | - | - | 5,171 |
| Deposits | 3,521 | 469 | - | 8,535 | - | 2,000 | - | - | - |
| Total Liabilities | 49,635 | 41,716 | 32,580 | 113,797 | 83,545 | 10,660 | 46,386 | 57,080 | 13,167 |
| Deferred Inflows of Resources | | | | | | | | | |
| Delinquent property taxes | 59,385 | 19,085 | 88,470 | 23,235 | 82,087 | 17,146 | 56,273 | 73,824 | 10,125 |
| Total Liabilities and Deferred Inflows of Resources | 109,020 | 60,801 | 121,050 | 137,032 | 165,632 | 27,806 | 102,659 | 130,904 | 23,292 |
| Fund Balances | | | | | | | | | |
| Assigned: | | | | | | | | | |
| Subsequent year expenditures | 178,656 | 69,527 | 34,253 | 83,890 | 69,158 | 39,509 | 110,508 | 110,310 | 48,172 |
| Service areas | 165,138 | 183,829 | 112,007 | 179,581 | 234,173 | 142,268 | 110,641 | 489,498 | 119,055 |
| Total Fund Balances | 343,794 | 253,356 | 146,260 | 263,471 | 303,331 | 181,777 | 221,149 | 599,808 | 167,227 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 452,814 | \$ 314,157 | \$ 267,310 | \$ 400,503 | \$ 468,963 | \$ 209,583 | \$ 323,808 | \$ 730,712 | \$ 190,519 |

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

Combining Balance Sheet, continued

| | Service Area, continued | | | | | | | Totals |
|---|-------------------------|--------------------------------|-------------------------------|-----------------------------|------------------------------------|--------------------------------|----------------------|---------------------|
| | 25 Bogard Road | 26 Greater Butte Road | 27 Meadow Lakes Road | 28 Gold Trail Road | 29 Greater Talkeetna Road | 30 Trapper Creek Road | 31 Alpine Road | |
| <i>June 30, 2019</i> | | | | | | | | |
| Assets | | | | | | | | |
| Cash and investments | \$ 568,650 | \$ 366,858 | \$ 414,547 | \$ 419,272 | \$ 324,692 | \$ 272,294 | \$ 171,568 | \$ 5,418,473 |
| Receivables - property taxes, net of allowance | 24,452 | 47,582 | 153,210 | 52,964 | 42,805 | 23,829 | 13,275 | 835,894 |
| Total Assets | \$ 593,102 | \$ 414,440 | \$ 567,757 | \$ 472,236 | \$ 367,497 | \$ 296,123 | \$ 184,843 | \$ 6,254,367 |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 37,837 | \$ 23,803 | \$ 47,000 | \$ 52,079 | \$ 36,988 | \$ 9,777 | \$ 11,864 | \$ 575,236 |
| Loans payable to other funds | 38,839 | 2,183 | - | 23,413 | - | - | 1,048 | 143,636 |
| Deposits | 5,209 | 1,000 | - | - | - | - | - | 20,734 |
| Total Liabilities | 81,885 | 26,986 | 47,000 | 75,492 | 36,988 | 9,777 | 12,912 | 739,606 |
| Deferred Inflows of Resources | | | | | | | | |
| Delinquent property taxes | 18,957 | 40,476 | 141,892 | 49,267 | 38,277 | 22,529 | 11,085 | 752,113 |
| Total Liabilities and Deferred Inflows of Resources | 100,842 | 67,462 | 188,892 | 124,759 | 75,265 | 32,306 | 23,997 | 1,491,719 |
| Fund Balances | | | | | | | | |
| Assigned: | | | | | | | | |
| Subsequent year expenditures | 127,339 | 159,376 | 89,464 | 79,801 | 176,094 | 137,211 | 57,198 | 1,570,466 |
| Service areas | 364,921 | 187,602 | 289,401 | 267,676 | 116,138 | 126,606 | 103,648 | 3,192,182 |
| Total Fund Balances | 492,260 | 346,978 | 378,865 | 347,477 | 292,232 | 263,817 | 160,846 | 4,762,648 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 593,102 | \$ 414,440 | \$ 567,757 | \$ 472,236 | \$ 367,497 | \$ 296,123 | \$ 184,843 | \$ 6,254,367 |

Matanuska-Susitna Borough, Alaska
Road Service Areas Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

| | Service Area | | | | | | | | |
|---|---------------------|------------------------|-----------------------|-----------------------|--------------------|------------------------|-------------------------|---------------------------|-----------------------|
| | 9 Midway Road | 14 Fairview Road | 15 Caswell Lake | 16 South Colony | 17 Knik Road | 19 Lazy Mountain | 20 Greater Willow | 21 Big Lake Road | 23 North Colony |
| <i>Year Ended June 30, 2019</i> | | | | | | | | | |
| Revenues | | | | | | | | | |
| Property taxes | \$ 1,718,372 | \$ 1,231,183 | \$ 640,575 | \$ 1,604,614 | \$ 3,009,245 | \$ 253,725 | \$ 953,357 | \$ 1,311,803 | \$ 202,520 |
| Investment income | 483 | 332 | 201 | 476 | 413 | 218 | 322 | 625 | 222 |
| Other | 804 | - | - | - | - | - | - | - | - |
| Total Revenues | 1,719,659 | 1,231,515 | 640,776 | 1,605,090 | 3,009,658 | 253,943 | 953,679 | 1,312,428 | 202,742 |
| Expenditures | | | | | | | | | |
| Current - | | | | | | | | | |
| Public services: | | | | | | | | | |
| Administration | 221,498 | 161,811 | 117,378 | 194,145 | 437,004 | 21,494 | 140,830 | 166,950 | 21,287 |
| Road service | 494,414 | 490,232 | 434,090 | 1,065,206 | 1,318,965 | 134,388 | 505,014 | 635,538 | 122,499 |
| Total public services | 715,912 | 652,043 | 551,468 | 1,259,351 | 1,755,969 | 155,882 | 645,844 | 802,488 | 143,786 |
| Debt service | 322 | 189 | - | 693 | - | 4 | - | - | 86 |
| Total Expenditures | 716,234 | 652,232 | 551,468 | 1,260,044 | 1,755,969 | 155,886 | 645,844 | 802,488 | 143,872 |
| Excess of Revenues Over Expenditures | 1,003,425 | 579,283 | 89,308 | 345,046 | 1,253,689 | 98,057 | 307,835 | 509,940 | 58,870 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | (885,850) | (444,980) | (28,430) | (246,350) | (1,094,100) | (5,890) | (247,430) | (71,890) | - |
| Net Other Financing Sources (Uses) | (885,850) | (444,980) | (28,430) | (246,350) | (1,094,100) | (5,890) | (247,430) | (71,890) | - |
| Net Change in Fund Balances | 117,575 | 134,303 | 60,878 | 98,696 | 159,589 | 92,167 | 60,405 | 438,050 | 58,870 |
| Fund Balances, beginning | 226,219 | 119,053 | 85,382 | 164,775 | 143,742 | 89,610 | 160,744 | 161,758 | 108,357 |
| Fund Balances, ending | \$ 343,794 | \$ 253,356 | \$ 146,260 | \$ 263,471 | \$ 303,331 | \$ 181,777 | \$ 221,149 | \$ 599,808 | \$ 167,227 |

Matanuska-Susitna Borough, Alaska

Road Service Areas Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

| | Service Area, continued | | | | | | | Totals |
|---|-------------------------|--------------------------------|-------------------------------|-----------------------------|------------------------------------|--------------------------------|----------------------|---------------------|
| | 25 Bogard Road | 26 Greater Butte Road | 27 Meadow Lakes Road | 28 Gold Trail Road | 29 Greater Talkeetna Road | 30 Trapper Creek Road | 31 Alpine Road | |
| <i>Year Ended June 30, 2019</i> | | | | | | | | |
| Revenues | | | | | | | | |
| Property taxes | \$ 1,819,522 | \$ 971,126 | \$ 2,059,677 | \$ 1,852,186 | \$ 632,868 | \$ 239,082 | \$ 260,259 | \$ 18,760,114 |
| Investment income | 608 | 440 | 441 | 448 | 428 | 348 | 221 | 6,226 |
| Other | - | - | - | - | - | - | - | 804 |
| Total Revenues | 1,820,130 | 971,566 | 2,060,118 | 1,852,634 | 633,296 | 239,430 | 260,480 | 18,767,144 |
| Expenditures | | | | | | | | |
| Current - | | | | | | | | |
| Public services: | | | | | | | | |
| Administration | 222,048 | 123,634 | 268,079 | 244,074 | 96,670 | 35,934 | 28,741 | 2,501,577 |
| Road service | 740,143 | 387,981 | 846,880 | 937,010 | 467,596 | 111,861 | 186,303 | 8,878,120 |
| Total public services | 962,191 | 511,615 | 1,114,959 | 1,181,084 | 564,266 | 147,795 | 215,044 | 11,379,697 |
| Debt service | 643 | 36 | - | 387 | - | - | 17 | 2,377 |
| Total Expenditures | 962,834 | 511,651 | 1,114,959 | 1,181,471 | 564,266 | 147,795 | 215,061 | 11,382,074 |
| Excess of Revenues Over Expenditures | 857,296 | 459,915 | 945,159 | 671,163 | 69,030 | 91,635 | 45,419 | 7,385,070 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | 3,118 | - | 33,106 | - | - | - | 36,224 |
| Transfers out | (541,840) | (324,890) | (705,000) | (486,850) | (3,600) | (15,030) | - | (5,102,130) |
| Net Other Financing Uses | (541,840) | (321,772) | (705,000) | (453,744) | (3,600) | (15,030) | - | (5,065,906) |
| Net Change in Fund Balances | 315,456 | 138,143 | 240,159 | 217,419 | 65,430 | 76,605 | 45,419 | 2,319,164 |
| Fund Balances, beginning | 176,804 | 208,835 | 138,706 | 130,058 | 226,802 | 187,212 | 115,427 | 2,443,484 |
| Fund Balances, ending | \$ 492,260 | \$ 346,978 | \$ 378,865 | \$ 347,477 | \$ 292,232 | \$ 263,817 | \$ 160,846 | \$ 4,762,648 |

Matanuska-Susitna Borough, Alaska

Road Service Area 9 - Midway Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,715,780 | \$ 1,718,372 | \$ 2,592 | \$ 1,696,953 |
| Investment income | 600 | 483 | (117) | 643 |
| Other | - | 804 | 804 | - |
| Total Revenues | 1,716,380 | 1,719,659 | 3,279 | 1,697,596 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 236,141 | 221,498 | 14,643 | 196,389 |
| Road service | 592,012 | 494,414 | 97,598 | 446,459 |
| Total public services | 828,153 | 715,912 | 112,241 | 642,848 |
| Debt service | 322 | 322 | - | 351 |
| Total Expenditures | 828,475 | 716,234 | 112,241 | 643,199 |
| Excess of Revenues Over Expenditures | 887,905 | 1,003,425 | 115,520 | 1,054,397 |
| Other Financing Uses | | | | |
| Transfers out | (885,850) | (885,850) | - | (1,370,400) |
| Net Change in Fund Balance | \$ 2,055 | \$ 117,575 | \$ 115,520 | (316,003) |
| Fund Balance, beginning | | 226,219 | | 542,222 |
| Fund Balance, ending | | \$ 343,794 | | \$ 226,219 |

Matanuska-Susitna Borough, Alaska

Road Service Area 14 - Fairview Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|------------------|-------------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,157,450 | \$ 1,231,183 | \$ 73,733 | \$ 1,171,278 |
| Investment income | 600 | 332 | (268) | 377 |
| Total Revenues | 1,158,050 | 1,231,515 | 73,465 | 1,171,655 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 173,010 | 161,811 | 11,199 | 150,150 |
| Road service | 538,674 | 490,232 | 48,442 | 480,587 |
| Total public services | 711,684 | 652,043 | 59,641 | 630,737 |
| Debt service | 189 | 189 | - | 206 |
| Total Expenditures | 711,873 | 652,232 | 59,641 | 630,943 |
| Excess of Revenues Over Expenditures | 446,177 | 579,283 | 133,106 | 540,712 |
| Other Financing Uses | | | | |
| Transfers out | (444,980) | (444,980) | - | (726,480) |
| Net Change in Fund Balance | \$ 1,197 | 134,303 | \$ 133,106 | (185,768) |
| Fund Balance, beginning | | 119,053 | | 304,821 |
| Fund Balance, ending | | \$ 253,356 | | \$ 119,053 |

Matanuska-Susitna Borough, Alaska
Road Service Area 15 - Caswell Lake Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------|-------------------|------------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 637,940 | \$ 640,575 | \$ 2,635 | \$ 633,644 |
| Investment income | 250 | 201 | (49) | 197 |
| Total Revenues | 638,190 | 640,776 | 2,586 | 633,841 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 125,986 | 117,378 | 8,608 | 115,403 |
| Road service | 483,758 | 434,090 | 49,668 | 452,952 |
| Total Expenditures | 609,744 | 551,468 | 58,276 | 568,355 |
| Excess of Revenues Over Expenditures | 28,446 | 89,308 | 60,862 | 65,486 |
| Other Financing Uses | | | | |
| Transfers out | (28,430) | (28,430) | - | (113,275) |
| Net Change in Fund Balance | \$ 16 | 60,878 | \$ 60,862 | (47,789) |
| Fund Balance, beginning | | 85,382 | | 133,171 |
| Fund Balance, ending | | \$ 146,260 | | \$ 85,382 |

Matanuska-Susitna Borough, Alaska

Road Service Area 16 - South Colony Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| Years Ended June 30, | 2019 | | | 2018 |
|---|--------------------|------------------|-------------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,530,200 | \$ 1,604,614 | \$ 74,414 | \$ 1,554,338 |
| Investment income | 1,000 | 476 | (524) | 684 |
| Total Revenues | 1,531,200 | 1,605,090 | 73,890 | 1,555,022 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 207,657 | 194,145 | 13,512 | 180,998 |
| Road service | 1,102,148 | 1,065,206 | 36,942 | 969,502 |
| Total public services | 1,309,805 | 1,259,351 | 50,454 | 1,150,500 |
| Debt service | 694 | 693 | 1 | 757 |
| Total Expenditures | 1,310,499 | 1,260,044 | 50,455 | 1,151,257 |
| Excess of Revenues Over Expenditures | 220,701 | 345,046 | 124,345 | 403,765 |
| Other Financing Uses | | | | |
| Transfers out | (246,350) | (246,350) | - | (774,040) |
| Net Change in Fund Balance | \$ (25,649) | \$ 98,696 | \$ 124,345 | (370,275) |
| Fund Balance, beginning | | 164,775 | | 535,050 |
| Fund Balance, ending | | \$ 263,471 | | \$ 164,775 |

Matanuska-Susitna Borough, Alaska

Road Service Area 17 - Knik Road Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| Years Ended June 30, | 2019 | | | 2018 |
|---|--------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 2,884,060 | \$ 3,009,245 | \$ 125,185 | \$ 2,909,483 |
| Investment income | 600 | 413 | (187) | 762 |
| Total Revenues | 2,884,660 | 3,009,658 | 124,998 | 2,910,245 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 467,402 | 437,004 | 30,398 | 407,765 |
| Road service | 1,348,112 | 1,318,965 | 29,147 | 1,243,946 |
| Total Expenditures | 1,815,514 | 1,755,969 | 59,545 | 1,651,711 |
| Excess of Revenues Over Expenditures | 1,069,146 | 1,253,689 | 184,543 | 1,258,534 |
| Other Financing Uses | | | | |
| Transfers out | (1,094,100) | (1,094,100) | - | (1,556,600) |
| Net Change in Fund Balance | \$ (24,954) | \$ 159,589 | \$ 184,543 | (298,066) |
| Fund Balance, beginning | | 143,742 | | 441,808 |
| Fund Balance, ending | | \$ 303,331 | | \$ 143,742 |

Matanuska-Susitna Borough, Alaska

Road Service Area 19 - Lazy Mountain Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|---------------------|--------------------------|-------------------------|-------------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 253,210 | \$ 253,725 | \$ 515 | \$ 255,729 |
| Investment income | 300 | 218 | (82) | 280 |
| Total Revenues | 253,510 | 253,943 | 433 | 256,009 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 23,146 | 21,494 | 1,652 | 22,145 |
| Road service | 224,433 | 134,388 | 90,045 | 178,437 |
| Total public services | 247,579 | 155,882 | 91,697 | 200,582 |
| Debt service | 4 | 4 | - | 4 |
| Total Expenditures | 247,583 | 155,886 | 91,697 | 200,586 |
| Excess of Revenues Over Expenditures | 5,927 | 98,057 | 92,130 | 55,423 |
| Other Financing Uses | | | | |
| Transfers out | (5,890) | (5,890) | - | (231,360) |
| Net Change in Fund Balance | <u>\$ 37</u> | 92,167 | <u>\$ 92,130</u> | (175,937) |
| Fund Balance, beginning | | <u>89,610</u> | | <u>265,547</u> |
| Fund Balance, ending | | <u>\$ 181,777</u> | | <u>\$ 89,610</u> |

Matanuska-Susitna Borough, Alaska

Road Service Area 20 - Greater Willow Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------|------------------|------------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 946,250 | \$ 953,357 | \$ 7,107 | \$ 943,053 |
| Investment income | 500 | 322 | (178) | 406 |
| Total Revenues | 946,750 | 953,679 | 6,929 | 943,459 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 150,169 | 140,830 | 9,339 | 125,073 |
| Road service | 549,138 | 505,014 | 44,124 | 482,638 |
| Total Expenditures | 699,307 | 645,844 | 53,463 | 607,711 |
| Excess of Revenues Over Expenditures | 247,443 | 307,835 | 60,392 | 335,748 |
| Other Financing Uses | | | | |
| Transfers out | (247,430) | (247,430) | - | (515,130) |
| Net Change in Fund Balance | \$ 13 | \$ 60,405 | \$ 60,392 | (179,382) |
| Fund Balance, beginning | | 160,744 | | 340,126 |
| Fund Balance, ending | | \$ 221,149 | | \$ 160,744 |

Matanuska-Susitna Borough, Alaska

Road Service Area 21 - Big Lake Road Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| Years Ended June 30, | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,278,160 | \$ 1,311,803 | \$ 33,643 | \$ 1,291,967 |
| Investment income | 500 | 625 | 125 | 455 |
| Total Revenues | 1,278,660 | 1,312,428 | 33,768 | 1,292,422 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 178,793 | 166,950 | 11,843 | 158,828 |
| Road service | 1,027,968 | 635,538 | 392,430 | 933,916 |
| Total Expenditures | 1,206,761 | 802,488 | 404,273 | 1,092,744 |
| Excess of Revenues Over Expenditures | 71,899 | 509,940 | 438,041 | 199,678 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (71,890) | (71,890) | - | (449,200) |
| Net Change in Fund Balance | \$ 9 | 438,050 | \$ 438,041 | (249,522) |
| Fund Balance, beginning | | 161,758 | | 411,280 |
| Fund Balance, ending | | \$ 599,808 | | \$ 161,758 |

Matanuska-Susitna Borough, Alaska

Road Service Area 23 - North Colony Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| Years Ended June 30, | 2019 | | | 2018 |
|--|-------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 188,210 | \$ 202,520 | \$ 14,310 | \$ 186,107 |
| Investment income | 300 | 222 | (78) | 244 |
| Total Revenues | 188,510 | 202,742 | 14,232 | 186,351 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 22,765 | 21,287 | 1,478 | 19,854 |
| Road service | 175,228 | 122,499 | 52,729 | 114,794 |
| Total public services | 197,993 | 143,786 | 54,207 | 134,648 |
| Debt service | 86 | 86 | - | 93 |
| Total Expenditures | 198,079 | 143,872 | 54,207 | 134,741 |
| Excess (Deficiency) of Revenues Over Expenditures | (9,569) | 58,870 | 68,439 | 51,610 |
| Other Financing Uses | | | | |
| Transfers out | - | - | - | (139,000) |
| Net Change in Fund Balance | \$ (9,569) | 58,870 | \$ 68,439 | (87,390) |
| Fund Balance, beginning | | <u>108,357</u> | | <u>195,747</u> |
| Fund Balance, ending | | <u>\$ 167,227</u> | | <u>\$ 108,357</u> |

Matanuska-Susitna Borough, Alaska

Road Service Area 25 - Bogard Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,723,620 | \$ 1,819,522 | \$ 95,902 | \$ 1,749,395 |
| Investment income | 1,000 | 608 | (392) | 712 |
| Total Revenues | 1,724,620 | 1,820,130 | 95,510 | 1,750,107 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 237,699 | 222,048 | 15,651 | 209,708 |
| Road service | 940,411 | 740,143 | 200,268 | 818,425 |
| Total public services | 1,178,110 | 962,191 | 215,919 | 1,028,133 |
| Debt service | 643 | 643 | - | 702 |
| Total Expenditures | 1,178,753 | 962,834 | 215,919 | 1,028,835 |
| Excess of Revenues Over Expenditures | 545,867 | 857,296 | 311,429 | 721,272 |
| Other Financing Uses | | | | |
| Transfers out | (541,840) | (541,840) | - | (1,143,000) |
| Net Change in Fund Balance | \$ 4,027 | \$ 315,456 | \$ 311,429 | (421,728) |
| Fund Balance, beginning | | 176,804 | | 598,532 |
| Fund Balance, ending | | \$ 492,260 | | \$ 176,804 |

Matanuska-Susitna Borough, Alaska

Road Service Area 26 - Greater Butte Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 935,940 | \$ 971,126 | \$ 35,186 | \$ 929,988 |
| Investment income | 350 | 440 | 90 | 398 |
| Total Revenues | 936,290 | 971,566 | 35,276 | 930,386 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 132,225 | 123,634 | 8,591 | 115,078 |
| Road service | 478,897 | 387,981 | 90,916 | 315,471 |
| Total public services | 611,122 | 511,615 | 99,507 | 430,549 |
| Debt service | 37 | 36 | 1 | 39 |
| Total Expenditures | 611,159 | 511,651 | 99,508 | 430,588 |
| Excess of Revenues Over Expenditures | 325,131 | 459,915 | 134,784 | 499,798 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 3,118 | 3,118 | 5,001 |
| Transfers out | (324,890) | (324,890) | - | (572,500) |
| Net Other Financing Uses | (324,890) | (321,772) | 3,118 | (567,499) |
| Net Change in Fund Balance | \$ 241 | 138,143 | \$ 137,902 | (67,701) |
| Fund Balance, beginning | | 208,835 | | 276,536 |
| Fund Balance, ending | | \$ 346,978 | | \$ 208,835 |

Matanuska-Susitna Borough, Alaska

Road Service Area 27 - Meadow Lakes Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,938,960 | \$ 2,059,677 | \$ 120,717 | \$ 1,936,417 |
| Investment income | 500 | 441 | (59) | 315 |
| Total Revenues | 1,939,460 | 2,060,118 | 120,658 | 1,936,732 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 286,739 | 268,079 | 18,660 | 250,058 |
| Road service | 947,661 | 846,880 | 100,781 | 844,651 |
| Total Expenditures | 1,234,400 | 1,114,959 | 119,441 | 1,094,709 |
| Excess of Revenues Over Expenditures | 705,060 | 945,159 | 240,099 | 842,023 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | 1,617 |
| Transfers out | (705,000) | (705,000) | - | (907,200) |
| Net Other Financing Uses | (705,000) | (705,000) | - | (905,583) |
| Net Change in Fund Balance | \$ 60 | 240,159 | \$ 240,099 | (63,560) |
| Fund Balance, beginning | | 138,706 | | 202,266 |
| Fund Balance, ending | | \$ 378,865 | | \$ 138,706 |

Matanuska-Susitna Borough, Alaska

Road Service Area 28 - Gold Trail Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|------------------|-------------------|-------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 1,768,840 | \$ 1,852,186 | \$ 83,346 | \$ 1,777,624 |
| Investment income | 650 | 448 | (202) | 386 |
| Total Revenues | 1,769,490 | 1,852,634 | 83,144 | 1,778,010 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 261,151 | 244,074 | 17,077 | 228,933 |
| Road service | 1,018,679 | 937,010 | 81,669 | 940,947 |
| Total public services | 1,279,830 | 1,181,084 | 98,746 | 1,169,880 |
| Debt service | 388 | 387 | 1 | 423 |
| Total Expenditures | 1,280,218 | 1,181,471 | 98,747 | 1,170,303 |
| Excess of Revenues Over Expenditures | 489,272 | 671,163 | 181,891 | 607,707 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 33,106 | 33,106 | - |
| Transfers out | (486,850) | (486,850) | - | (726,000) |
| Net Other Financing Uses | (486,850) | (453,744) | 33,106 | (726,000) |
| Net Change in Fund Balance | \$ 2,422 | 217,419 | \$ 214,997 | (118,293) |
| Fund Balance, beginning | | 130,058 | | 248,351 |
| Fund Balance, ending | | \$ 347,477 | | \$ 130,058 |

Matanuska-Susitna Borough, Alaska

Road Service Area 29 - Greater Talkeetna Road Special Revenue Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 618,740 | \$ 632,868 | \$ 14,128 | \$ 619,499 |
| Investment income | 300 | 428 | 128 | 327 |
| Total Revenues | 619,040 | 633,296 | 14,256 | 619,826 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 103,539 | 96,670 | 6,869 | 92,064 |
| Road service | 511,892 | 467,596 | 44,296 | 431,375 |
| Total Expenditures | 615,431 | 564,266 | 51,165 | 523,439 |
| Excess of Revenues Over Expenditures | 3,609 | 69,030 | 65,421 | 96,387 |
| Other Financing Uses | | | | |
| Transfers out | (3,600) | (3,600) | - | (24,700) |
| Net Change in Fund Balance | \$ 9 | 65,430 | \$ 65,421 | 71,687 |
| Fund Balance, beginning | | 226,802 | | 155,115 |
| Fund Balance, ending | | \$ 292,232 | | \$ 226,802 |

Matanuska-Susitna Borough, Alaska
Road Service Area 30 - Trapper Creek Road Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|----------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 230,360 | \$ 239,082 | \$ 8,722 | \$ 223,640 |
| Investment income | 300 | 348 | 48 | 273 |
| Total Revenues | 230,660 | 239,430 | 8,770 | 223,913 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 38,299 | 35,934 | 2,365 | 31,768 |
| Road service | 177,331 | 111,861 | 65,470 | 134,394 |
| Total Expenditures | 215,630 | 147,795 | 67,835 | 166,162 |
| Excess of Revenues Over Expenditures | 15,030 | 91,635 | 76,605 | 57,751 |
| Other Financing Uses | | | | |
| Transfers out | (15,030) | (15,030) | - | (34,106) |
| Net Change in Fund Balance | \$ - | 76,605 | \$ 76,605 | 23,645 |
| Fund Balance, beginning | | 187,212 | | 163,567 |
| Fund Balance, ending | | \$ 263,817 | | \$ 187,212 |

Matanuska-Susitna Borough, Alaska

Road Service Area 31 - Alpine Road Special Revenue Fund

Schedule of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual with Comparative Actuals

| Years Ended June 30, | 2019 | | | 2018 |
|--|--------------------|-------------------|------------------|-------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Property taxes | \$ 258,850 | \$ 260,259 | \$ 1,409 | \$ 256,181 |
| Investment income | 300 | 221 | (79) | 230 |
| Total Revenues | 259,150 | 260,480 | 1,330 | 256,411 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Administration | 30,758 | 28,741 | 2,017 | 26,964 |
| Road service | 269,564 | 186,303 | 83,261 | 189,873 |
| Total public services | 300,322 | 215,044 | 85,278 | 216,837 |
| Debt service | 18 | 17 | 1 | 19 |
| Total Expenditures | 300,340 | 215,061 | 85,279 | 216,856 |
| Excess (Deficiency) of Revenues Over Expenditures | (41,190) | 45,419 | 86,609 | 39,555 |
| Other Financing Uses | | | | |
| Transfers out | - | - | - | (96,000) |
| Net Change in Fund Balance | \$ (41,190) | 45,419 | \$ 86,609 | (56,445) |
| Fund Balance, beginning | | 115,427 | | 171,872 |
| Fund Balance, ending | | \$ 160,846 | | \$ 115,427 |

Matanuska-Susitna Borough, Alaska
Land Management Special Revenue Fund
Balance Sheet

| <i>June 30,</i> | 2019 | 2018 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 5,602,352 | \$ 6,228,412 |
| Interfund loan receivable | 2,221,894 | 2,243,488 |
| Other receivables | 6,421 | 6,346 |
| Land Sales Contracts Receivable | | |
| Current | 15,586 | 10,125 |
| Delinquent | 220,992 | 222,460 |
| Unbilled | 364,656 | 437,673 |
| Total land sales contracts receivable | 601,234 | 670,258 |
| Less allowance for uncollectible contracts | (220,992) | (222,460) |
| Net Land Sales Contracts Receivable | 380,242 | 447,798 |
| Total Assets | \$ 8,210,909 | \$ 8,926,044 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities | | |
| Accounts payable | \$ 50,494 | \$ 10,151 |
| Deposits | 75,874 | 71,524 |
| Total Liabilities | 126,368 | 81,675 |
| Deferred Inflows of Resources | | |
| Land sales receivables not yet due | 364,656 | 437,673 |
| Total Liabilities and Deferred Inflows of Resources | 491,024 | 519,348 |
| Fund Balance | | |
| Committed: | | |
| Long-term loan receivable | 2,221,894 | 2,243,488 |
| Land management | 4,376,354 | 1,688,753 |
| Accrued leave | 10,000 | 10,000 |
| Assigned: | | |
| Subsequent year expenditures | 907,218 | 973,670 |
| Subsequent year appropriations | 204,419 | - |
| Land management | - | 3,490,785 |
| Total Fund Balance | 7,719,885 | 8,406,696 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 8,210,909 | \$ 8,926,044 |

Matanuska-Susitna Borough, Alaska
Land Management Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual with Comparative Actuals

| <i>Years Ended June 30,</i> | 2019 | | | 2018 |
|---|---------------------|---------------------|-------------------|---------------------|
| | Budget | Actual | Variance | Actual |
| Revenues | | | | |
| Charges for services: | | | | |
| Land sales and leases | \$ 900,000 | \$ 605,724 | \$ (294,276) | \$ 801,430 |
| Management fees | 10,000 | 10,400 | 400 | 12,100 |
| User fees | 20,750 | 6,583 | (14,167) | 11,798 |
| Intergovernmental - PERS relief | - | 38,660 | 38,660 | 18,036 |
| Investment income | 5,000 | 8,867 | 3,867 | 7,881 |
| Interest on land sales | 18,000 | 54,373 | 36,373 | 34,897 |
| Other | 1,500 | 2,300 | 800 | 225,850 |
| Total Revenues | 955,250 | 726,907 | (228,343) | 1,111,992 |
| Expenditures | | | | |
| Current - | | | | |
| Public services: | | | | |
| Land management and development | 1,111,774 | 949,625 | 162,149 | 1,198,236 |
| Community development administration | 308,054 | 257,210 | 50,844 | 198,629 |
| Total Expenditures | 1,419,828 | 1,206,835 | 212,993 | 1,396,865 |
| Deficiency of Revenues Over Expenditures | (464,578) | (479,928) | (15,350) | (284,873) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 133,617 | 133,617 | 509 |
| Transfers out | (340,500) | (340,500) | - | (32,004) |
| Net Other Financing Uses | (340,500) | (206,883) | 133,617 | (31,495) |
| Net Change in Fund Balance | \$ (805,078) | (686,811) | \$ 118,267 | (316,368) |
| Fund Balance, beginning | | 8,406,696 | | 8,723,064 |
| Fund Balance, ending | | \$ 7,719,885 | | \$ 8,406,696 |

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DEBT SERVICE FUNDS

Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund
Balance Sheet

| <i>June 30,</i> | 2019 | 2018 |
|-----------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 1,991,904 | \$ 887,620 |
| Restricted cash - debt retirement | 1,571,636 | 1,553,274 |
| Total Assets | 3,563,540 | 2,440,894 |
| Fund Balance | | |
| Restricted - debt service | 1,571,636 | 1,553,274 |
| Assigned - debt service | 1,991,904 | 887,620 |
| Total Fund Balance | \$ 3,563,540 | \$ 2,440,894 |

Matanuska-Susitna Borough, Alaska

School Buildings Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|---|--------------|--------------|
| Revenues | | |
| Investment income | \$ 169 | \$ 71 |
| Expenditures - debt service | | |
| Redemption of principal | 18,345,000 | 21,505,000 |
| Interest | 10,810,819 | 11,811,944 |
| Other | - | 14,102 |
| Total Expenditures | 29,155,819 | 33,331,046 |
| Deficiency of Revenues Over Expenditures | (29,155,650) | (33,330,975) |
| Other Financing Sources (Uses) | | |
| Transfers in | 30,278,296 | 33,415,085 |
| Transfers out | - | (1,943) |
| Net Other Financing Sources | 30,278,296 | 33,413,142 |
| Net Change in Fund Balance | 1,122,646 | 82,167 |
| Fund Balance, beginning | 2,440,894 | 2,358,727 |
| Fund Balance, ending | \$ 3,563,540 | \$ 2,440,894 |

Matanuska-Susitna Borough, Alaska

Fronteras School Debt Service Fund

Balance Sheet

| <i>June 30,</i> | 2019 | 2018 |
|--|---------------|---------------|
| Assets | | |
| Lease receivable, long-term | \$ 10,226,351 | \$ 10,619,651 |
| Total Assets | 10,226,351 | 10,619,651 |
| Deferred Inflows of Resources | | |
| Lease receivable not yet due | 10,226,351 | 10,619,651 |
| Total Deferred Inflows of Resources | \$ 10,226,351 | \$ 10,619,651 |

Matanuska-Susitna Borough, Alaska

Fronteras School Debt Service Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|-----------------------------------|----------------|----------------|
| Revenues | | |
| Lease interest | \$ 393,300 | \$ 361,258 |
| Expenditures | | |
| Redemption of principal | 150,489 | - |
| Interest | 242,811 | 361,258 |
| Total Expenditures | 393,300 | 361,258 |
| Net Change in Fund Balance | - | - |
| Fund Balance, beginning | - | - |
| Fund Balance, ending | \$ - | \$ - |

Matanuska-Susitna Borough, Alaska

Nonmajor Debt Service Funds
Combining Balance Sheet

| <i>June 30, 2019</i> | Public Safety Building 51 | Public Safety Building 62 | Public Safety Building 73 | Parks and Recreation | Animal Control | Transpor- tation System | Totals |
|--|------------------------------------|------------------------------------|------------------------------------|----------------------------|-------------------|-------------------------------|---------------------|
| Assets | | | | | | | |
| Cash and investments | \$ 198,592 | \$ 584,216 | \$ 371,412 | \$ 1,681,182 | \$ 40,322 | \$ 772,389 | \$ 3,648,113 |
| Restricted cash and investments - debt retirement | 771,726 | 505,626 | 573,835 | - | 552,249 | - | 2,403,436 |
| Total Assets | \$ 970,318 | \$ 1,089,842 | \$ 945,247 | \$ 1,681,182 | \$ 592,571 | \$ 772,389 | \$ 6,051,549 |
| Fund Balances | | | | | | | |
| Restricted - debt service | \$ 771,726 | \$ 505,626 | \$ 573,835 | \$ - | \$ 552,249 | \$ - | \$ 2,403,436 |
| Assigned - debt service | 198,592 | 584,216 | 371,412 | 1,681,182 | 40,322 | 772,389 | 3,648,113 |
| Total Fund Balances | \$ 970,318 | \$ 1,089,842 | \$ 945,247 | \$ 1,681,182 | \$ 592,571 | \$ 772,389 | \$ 6,051,549 |

Matanuska-Susitna Borough, Alaska
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

| <i>Year Ended June 30, 2019</i> | Fireweed Building | Public Safety Building 51 | Public Safety Building 62 | Public Safety Building 73 | Parks and Recreation | Animal Control | Transpor- tation System | Totals |
|---------------------------------------|----------------------|------------------------------------|---------------------------------|------------------------------------|----------------------------|-------------------|-------------------------------|---------------------|
| Revenues - | | | | | | | | |
| Investment income | \$ - | \$ 13,929 | \$ 10,035 | \$ 11,384 | \$ - | \$ 10,964 | \$ - | \$ 46,312 |
| Expenditures - debt service | | | | | | | | |
| Redemption of principal | 89,615 | 505,000 | 270,000 | 310,000 | 1,025,000 | 435,000 | 1,210,000 | 3,844,615 |
| Interest | - | 259,325 | 228,750 | 253,300 | 1,035,850 | 105,050 | 1,174,025 | 3,056,300 |
| Total Expenditures | 89,615 | 764,325 | 498,750 | 563,300 | 2,060,850 | 540,050 | 2,384,025 | 6,900,915 |
| Deficiency of Revenues | | | | | | | | |
| Over Expenditures | (89,615) | (750,396) | (488,715) | (551,916) | (2,060,850) | (529,086) | (2,384,025) | (6,854,603) |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | 89,615 | 765,000 | 498,800 | 563,300 | 2,061,935 | 540,100 | 2,384,100 | 6,902,850 |
| Net Change in Fund Balances | - | 14,604 | 10,085 | 11,384 | 1,085 | 11,014 | 75 | 48,247 |
| Fund Balances, beginning | - | 955,714 | 1,079,757 | 933,863 | 1,680,097 | 581,557 | 772,314 | 6,003,302 |
| Fund Balances, ending | \$ - | \$ 970,318 | \$ 1,089,842 | \$ 945,247 | \$ 1,681,182 | \$ 592,571 | \$ 772,389 | \$ 6,051,549 |

CAPITAL PROJECT FUNDS

Matanuska-Susitna Borough, Alaska
School Projects Capital Project Fund
Balance Sheet

| <i>June 30,</i> | 2019 | 2018 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and investments | \$ 955,992 | \$ 7,413,716 |
| Intergovernmental receivables | - | 59,657 |
| Restricted cash and investments | 21,262,546 | 24,439,001 |
| Total Assets | \$ 22,218,538 | \$ 31,912,374 |
| Liabilities and Fund Balance | | |
| Liabilities | | |
| Accounts, contracts and retentions payable | \$ 64,105 | \$ 882,000 |
| Payable to School District | 6,378 | 61,683 |
| Deposits | 5,447 | 20,447 |
| Total Liabilities | 75,930 | 964,130 |
| Fund Balance | | |
| Restricted for school construction | 21,262,546 | 24,439,001 |
| Assigned for capital projects | 880,062 | 6,509,243 |
| Total Fund Balance | 22,142,608 | 30,948,244 |
| Total Liabilities and Fund Balance | \$ 22,218,538 | \$ 31,912,374 |

Matanuska-Susitna Borough, Alaska

School Projects Capital Project Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|---|---------------|---------------|
| Revenues | | |
| Intergovernmental | \$ - | \$ 303,039 |
| Investment income | 555,513 | 382,544 |
| Total Revenues | 555,513 | 685,583 |
| Expenditures | | |
| Current-education | 180,062 | 624,048 |
| Capital outlay | 2,082,428 | 3,424,636 |
| Total Expenditures | 2,262,490 | 4,048,684 |
| Deficiency of Revenues Over Expenditures | (1,706,977) | (3,363,101) |
| Other Financing Sources (Uses) | | |
| Transfers in | 13,801 | 1,943 |
| Transfers out | (7,112,460) | (4,974,528) |
| Net Other Financing Uses | (7,098,659) | (4,972,585) |
| Net Change in Fund Balance | (8,805,636) | (8,335,686) |
| Fund Balance, beginning | 30,948,244 | 39,283,930 |
| Fund Balance, ending | \$ 22,142,608 | \$ 30,948,244 |

Matanuska-Susitna Borough, Alaska

Nonmajor Capital Project Funds
Combining Balance Sheet

| <i>June 30, 2019</i> | Fire Protection | Road Service Area Repairs | Sewage Facility | Ambulance and Emergency Services | Roads and Bridges | Borough Facilities | Cultural and Recreational | Misc- ellaneous | Infrastructure | Pass- through Grants | Totals |
|--|----------------------|------------------------------------|--------------------|---|----------------------|-----------------------|---------------------------------|---------------------|-------------------|----------------------------|----------------------|
| Assets | | | | | | | | | | | |
| Cash and investments | \$ 11,082,995 | \$ 19,116,782 | \$ - | \$ 12,545,523 | \$ 1,940,015 | \$ 4,037,998 | \$ 9,830,668 | \$ 8,897,777 | \$ 217,395 | \$ 1,032,414 | \$ 68,701,567 |
| Receivables - | | | | | | | | | | | |
| Intergovernmental | - | 643,074 | 626,169 | 576,547 | 1,017,169 | 840 | 39,925 | 179,175 | 161,699 | 14,465 | 3,259,063 |
| Prepaid items | - | - | - | - | - | 60,000 | - | - | - | - | 60,000 |
| Restricted cash and investments | 135,334 | - | - | - | - | - | - | - | - | - | 135,334 |
| Total Assets | \$ 11,218,329 | \$ 19,759,856 | \$ 626,169 | \$ 13,122,070 | \$ 2,957,184 | \$ 4,098,838 | \$ 9,870,593 | \$ 9,076,952 | \$ 379,094 | \$ 1,046,879 | \$ 72,155,964 |
| Liabilities and Fund Balances | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts, contracts and retentions payable | \$ 129,211 | \$ 1,611,070 | \$ 201,026 | \$ 249,856 | \$ 656,714 | \$ 56,224 | \$ 858,239 | \$ 317,325 | \$ 161,661 | \$ - | \$ 4,241,326 |
| Due to other funds | - | - | 239,962 | - | - | - | - | - | - | - | 239,962 |
| Deposits | 29 | - | - | - | - | - | - | 180,943 | 6,700 | - | 187,672 |
| Unearned revenue | 32,738 | - | - | - | - | - | 79,633 | - | 139,253 | 989,430 | 1,241,054 |
| Total Liabilities | 161,978 | 1,611,070 | 440,988 | 249,856 | 656,714 | 56,224 | 937,872 | 498,268 | 307,614 | 989,430 | 5,910,014 |
| Fund Balances | | | | | | | | | | | |
| Nonspendable - prepaid items | - | - | - | - | - | 60,000 | - | - | - | - | 60,000 |
| Restricted - capital projects | 135,334 | - | - | - | - | - | - | - | - | - | 135,334 |
| Assigned - capital projects | 10,921,017 | 18,148,786 | 185,181 | 12,872,214 | 2,300,470 | 3,982,614 | 8,932,721 | 8,578,684 | 71,480 | 57,449 | 66,050,616 |
| Total Fund Balances | 11,056,351 | 18,148,786 | 185,181 | 12,872,214 | 2,300,470 | 4,042,614 | 8,932,721 | 8,578,684 | 71,480 | 57,449 | 66,245,950 |
| Total Liabilities and Fund Balances | \$ 11,218,329 | \$ 19,759,856 | \$ 626,169 | \$ 13,122,070 | \$ 2,957,184 | \$ 4,098,838 | \$ 9,870,593 | \$ 9,076,952 | \$ 379,094 | \$ 1,046,879 | \$ 72,155,964 |

Matanuska-Susitna Borough, Alaska
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances

| <i>Year Ended June 30, 2019</i> | Fire Protection | Road Service Area Repairs | Sewage Facility | Ambulance and Emergency Services | Roads and Bridges | Borough Facilities | Cultural and Recreational | Misc- ellaneous Infrastructure | Pass- through Grants | Totals | |
|--|----------------------|------------------------------------|--------------------|---|----------------------|-----------------------|---------------------------------|--------------------------------------|----------------------------|------------------|----------------------|
| Revenues | | | | | | | | | | | |
| Intergovernmental | \$ 121,483 | \$ 2,419,628 | \$ - | \$ 894,453 | \$ 1,016,594 | \$ 5,140 | \$ 43,189 | \$ 322,399 | \$ 982,495 | \$ 718,512 | \$ 6,523,893 |
| Investment income | 20,337 | - | - | - | 8,033 | - | 278,310 | - | - | - | 306,680 |
| Other | - | - | - | - | 20,719 | - | 40,367 | - | 6,600 | - | 67,686 |
| Total Revenues | 141,820 | 2,419,628 | - | 894,453 | 1,045,346 | 5,140 | 361,866 | 322,399 | 989,095 | 718,512 | 6,898,259 |
| Expenditures | | | | | | | | | | | |
| General government | - | - | - | - | - | 71,529 | - | 623,332 | - | - | 694,861 |
| Emergency services | 3,521,977 | - | - | 5,950,148 | - | - | - | 561,138 | - | - | 10,033,263 |
| Public services | - | 10,699,965 | 5,517 | - | 7,486 | 34,185 | 326,903 | 1,275,152 | - | 892,724 | 13,241,932 |
| Capital outlay | 10,232,757 | 559,342 | 879,147 | 2,412,279 | 2,459,444 | 683,177 | 9,276,515 | 1,009,258 | 985,480 | - | 28,497,399 |
| Total Expenditures | 13,754,734 | 11,259,307 | 884,664 | 8,362,427 | 2,466,930 | 788,891 | 9,603,418 | 3,468,880 | 985,480 | 892,724 | 52,467,455 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | | | | | | | |
| | (13,612,914) | (8,839,679) | (884,664) | (7,467,974) | (1,421,584) | (783,751) | (9,241,552) | (3,146,481) | 3,615 | (174,212) | (45,569,196) |
| Other Financing Sources (Uses) | | | | | | | | | | | |
| Transfers in | 8,723,623 | 5,932,130 | 50,000 | 12,623,256 | 3,095,473 | 3,944,950 | 710,167 | 7,059,392 | - | 50,000 | 42,188,991 |
| Transfers out | (1,024,922) | (36,229) | - | (195,882) | (260,747) | (103,029) | (7,955) | (4,321,981) | (28,268) | (40,360) | (6,019,373) |
| Loan issued | - | - | 770,977 | - | - | - | - | - | - | - | 770,977 |
| Insurance recovery | - | - | - | 6,000,000 | - | - | - | - | - | - | 6,000,000 |
| Net Other Financing Sources (Uses) | 7,698,701 | 5,895,901 | 820,977 | 18,427,374 | 2,834,726 | 3,841,921 | 702,212 | 2,737,411 | (28,268) | 9,640 | 42,940,595 |
| Net Change in Fund Balances | (5,914,213) | (2,943,778) | (63,687) | 10,959,400 | 1,413,142 | 3,058,170 | (8,539,340) | (409,070) | (24,653) | (164,572) | (2,628,601) |
| Fund Balances, beginning | 16,970,564 | 21,092,564 | 248,868 | 1,912,814 | 887,328 | 984,444 | 17,472,061 | 8,987,754 | 96,133 | 222,021 | 68,874,551 |
| Fund Balances, ending | \$ 11,056,351 | \$ 18,148,786 | \$ 185,181 | \$ 12,872,214 | \$ 2,300,470 | \$ 4,042,614 | \$ 8,932,721 | \$ 8,578,684 | \$ 71,480 | \$ 57,449 | \$ 66,245,950 |

Matanuska-Susitna Borough, Alaska

Capital Project Funds

Project Length of Construction Projects

| <i>Beginning of Projects to June 30, 2019</i> | School Projects | Fire Protection | Road Service Areas Repairs | Sewage Facility | Sanitary Landfills | Ambulance and Emergency Services | Roads and Bridges | Borough Facilities |
|--|--------------------|--------------------|-------------------------------------|--------------------|-----------------------|---|-------------------------|-----------------------|
| Total Project Authorizations | \$ 735,504,671 | \$ 119,505,781 | \$ 179,110,126 | \$ 24,887,329 | \$ 39,048,227 | \$ 61,400,225 | \$ 179,600,970 | \$ 74,987,478 |
| Revenues and Other Financing Sources | | | | | | | | |
| Intergovernmental | \$ 68,902,269 | \$ 21,763,691 | \$ 57,817,497 | \$ 14,471,095 | \$ 10,542,729 | \$ 20,216,963 | \$ 132,152,776 | \$ 25,685,745 |
| LID bonds/other debt | 6,900,000 | 10,635,713 | 186,095 | - | - | - | - | 515,000 |
| Other | 636,477,817 | 13,390,239 | 1,029,713 | 100,000 | 225,091 | 562,473 | 34,465,437 | 8,736,838 |
| Transfers from other funds | 30,474,947 | 73,964,884 | 124,339,801 | 815,043 | 21,685,439 | 31,604,067 | 10,475,480 | 37,581,983 |
| Insurance recovery | - | - | - | - | - | 6,000,000 | - | - |
| Total Revenues and Other Financing Sources | \$ 742,755,033 | \$ 119,754,527 | \$ 183,373,106 | \$ 15,386,138 | \$ 32,453,259 | \$ 58,383,503 | \$ 177,093,693 | \$ 72,519,566 |
| Expenditures and Other Financing Uses | | | | | | | | |
| Capital projects | \$ 703,959,124 | \$ 104,185,456 | \$ 163,212,585 | \$ 15,909,260 | \$ 30,678,738 | \$ 44,497,055 | \$ 174,227,105 | \$ 66,344,878 |
| Transfers to other funds | 16,653,301 | 4,512,720 | 2,011,735 | 62,674 | 718,810 | 1,014,234 | 566,118 | 2,132,074 |
| Total Expenditures and Other Financing Uses | \$ 720,612,425 | \$ 108,698,176 | \$ 165,224,320 | \$ 15,971,934 | \$ 31,397,548 | \$ 45,511,289 | \$ 174,793,223 | \$ 68,476,952 |

Matanuska-Susitna Borough, Alaska
Capital Project Funds
Project Length of Construction Projects, continued

| <i>Beginning of Projects to June 30, 2019</i> | Cultural and Recreational | Port | Pass- Through Grants | Miscellaneous | Infra- structure | Maintenance | Totals |
|--|---------------------------------|----------------------|----------------------------|-----------------------|-----------------------|---------------------|-------------------------|
| Total Project Authorizations | \$ 41,035,850 | \$ 64,304,234 | \$ 16,133,540 | \$ 104,971,356 | \$ 190,143,147 | \$ 1,149,094 | \$ 1,831,782,028 |
| Revenues and Other Financing Sources | | | | | | | |
| Intergovernmental | \$ 2,940,067 | \$ 34,358,581 | \$ 13,106,868 | \$ 31,367,699 | \$ 184,929,896 | \$ - | \$ 618,255,876 |
| LID bonds/other debt | 22,280,000 | - | - | - | - | - | 40,516,808 |
| Other | 5,216,319 | 13,507,570 | 14,387 | 1,295,551 | 664,161 | - | 715,685,596 |
| Transfers from other funds | 10,061,461 | 15,757,634 | 2,567,506 | 70,101,810 | 2,261,000 | 1,111,719 | 432,802,774 |
| Insurance recovery | - | - | - | - | - | - | 6,000,000 |
| Total Revenues and Other Financing Sources | \$ 40,497,847 | \$ 63,623,785 | \$ 15,688,761 | \$ 102,765,060 | \$ 187,855,057 | \$ 1,111,719 | \$ 1,813,261,054 |
| Expenditures and Other Financing Uses | | | | | | | |
| Capital projects | \$ 31,085,053 | \$ 59,384,203 | \$ 15,524,639 | \$ 83,992,126 | \$ 187,754,907 | \$ 1,070,827 | \$ 1,681,825,956 |
| Transfers to other funds | 480,073 | 3,450,550 | 106,673 | 10,194,250 | 28,670 | 40,892 | 41,972,774 |
| Total Expenditures and Other Financing Uses | \$ 31,565,126 | \$ 62,834,753 | \$ 15,631,312 | \$ 94,186,376 | \$ 187,783,577 | \$ 1,111,719 | \$ 1,723,798,730 |

ENTERPRISE FUNDS

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2019 | 2018 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Current Assets | | |
| Cash and investments | \$ 9,443,605 | \$ 7,040,838 |
| Receivables: | | |
| Accounts | 575,336 | 584,880 |
| Allowance for doubtful accounts | (7,090) | (1,313) |
| Intergovernmental | 489,328 | 979,532 |
| Total Current Assets | 10,501,179 | 8,603,937 |
| Noncurrent Assets | | |
| Restricted cash and investments - landfill closure | 2,543,212 | 2,250,481 |
| Property, plant and equipment: | | |
| Buildings | 8,129,593 | 8,129,593 |
| Improvements other than buildings | 1,941,119 | 1,941,119 |
| Equipment | 3,283,624 | 2,785,030 |
| Landfill cells | 13,487,797 | 9,905,087 |
| Construction in progress | 682,158 | 141,217 |
| Total property, plant and equipment | 27,524,291 | 22,902,046 |
| Accumulated depreciation and amortization | (13,349,792) | (12,952,488) |
| Net property, plant and equipment | 14,174,499 | 9,949,558 |
| Total Noncurrent Assets | 16,717,711 | 12,200,039 |
| Total Assets | 27,218,890 | 20,803,976 |
| Deferred Outflows of Resources | | |
| Related to pensions | 203,696 | 182,959 |
| Related to other postemployment benefits | 125,715 | 40,880 |
| Total Deferred Outflows of Resources | 329,411 | 223,839 |
| Total Assets and Deferred Outflows of Resources | \$ 27,548,301 | \$ 21,027,815 |
| Liabilities, Deferred Inflows of Resources, and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 444,068 | \$ 893,360 |
| Accrued leave | 101,383 | 100,634 |
| Accrued interest payable | 8,628 | 9,376 |
| Current portion of loans payable | 327,391 | 322,553 |
| Total Current Liabilities | 881,470 | 1,325,923 |
| Noncurrent Liabilities | | |
| Net pension liability | 1,623,275 | 1,580,755 |
| Net other postemployment benefits liability | 332,036 | 251,985 |
| Loans payable | 10,245,069 | 6,534,616 |
| Landfill closure costs payable | 6,071,567 | 5,463,707 |
| Total Noncurrent Liabilities | 18,271,947 | 13,831,063 |
| Total Liabilities | 19,153,417 | 15,156,986 |
| Deferred Inflows of Resources | | |
| Related to pensions | 37,680 | 110,232 |
| Related to other postemployment benefits | 117,839 | 112,754 |
| Total Deferred Inflows of Resources | 155,519 | 222,986 |
| Net Position | | |
| Net investment in capital assets | 3,602,039 | 3,092,389 |
| Unrestricted | 4,637,326 | 2,555,454 |
| Total Net Position | 8,239,365 | 5,647,843 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 27,548,301 | \$ 21,027,815 |

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Net Position

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|---|--------------|--------------|
| Operating Revenues | | |
| Charges for services | \$ 9,481,543 | \$ 8,925,931 |
| Operating Expenses | | |
| Public service: | | |
| Landfill operations | 3,314,024 | 4,107,004 |
| Transfer sites | 2,951,347 | 2,630,493 |
| Depreciation and amortization | 507,983 | 851,589 |
| Allocated administrative and billing expenses | 59,926 | 62,140 |
| Total Operating Expenses | 6,833,280 | 7,651,226 |
| Operating Income | 2,648,263 | 1,274,705 |
| Nonoperating Revenues (Expenses) | | |
| Intergovernmental - PERS relief | 2,640 | 38,007 |
| Interest expense | (83,838) | (108,152) |
| Interest income | 13,708 | 10,233 |
| Gain on disposal of capital assets | 10,749 | 2,375 |
| Net Nonoperating Expenses | (56,741) | (57,537) |
| Change in Net Position | 2,591,522 | 1,217,168 |
| Net Position, beginning | 5,647,843 | 4,430,675 |
| Net Position, ending | \$ 8,239,365 | \$ 5,647,843 |

Matanuska-Susitna Borough, Alaska

Solid Waste Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|--|----------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 9,987,068 | \$ 9,005,831 |
| Payments to suppliers | (3,370,872) | (3,919,167) |
| Payments to employees | (2,270,779) | (2,046,008) |
| Payments for interfund services used | (59,926) | (62,140) |
| Net cash flows from operating activities | 4,285,491 | 2,978,516 |
| Cash Flows from Capital and Related Financing Activities | | |
| Purchases of property, plant and equipment | (5,245,155) | (1,228,719) |
| Sale of capital assets | 10,749 | 2,375 |
| Loans proceeds received | 4,037,845 | 258,666 |
| Principal and interest paid on loans | (407,140) | (423,861) |
| Net cash flows for capital and related financing activities | (1,603,701) | (1,391,539) |
| Cash Flows from Investing Activities - interest income | 13,708 | 10,233 |
| Net Increase in Cash and Investments | 2,695,498 | 1,597,210 |
| Cash and Investments, beginning of year | 9,291,319 | 7,694,109 |
| Cash and Investments, end of year | \$ 11,986,817 | \$ 9,291,319 |
| Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities | | |
| Operating income | \$ 2,648,263 | \$ 1,274,705 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | |
| Depreciation and amortization | 507,983 | 851,589 |
| Noncash expense - PERS relief | 2,640 | 38,007 |
| (Increase) decrease in assets and deferred outflows of resources: | | |
| Accounts receivable and related allowance | 505,525 | 79,900 |
| Deferred outflows of resources related to pension | (20,737) | 306,975 |
| Deferred outflows of resources related to other postemployment benefits | (84,835) | 15,696 |
| Increase (decrease) in liabilities and deferred inflows of resources: | | |
| Accounts payable, operations | 62,939 | 93,284 |
| Accrued leave | 749 | (18,281) |
| Net pension liability | 42,520 | (313,739) |
| Net other postemployment benefits liability | 80,051 | (132,311) |
| Landfill closure costs payable | 607,860 | 580,822 |
| Deferred inflows of resources related to pension | (72,552) | 89,115 |
| Deferred inflows of resources related to other postemployment benefits | 5,085 | 112,754 |
| Net Cash Flows from Operating Activities | \$ 4,285,491 | \$ 2,978,516 |

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Net Position

| <i>June 30,</i> | 2019 | 2018 |
|--|----------------------|----------------------|
| Assets and Deferred Outflows of Resources | | |
| Noncurrent Assets | | |
| Property, plant and equipment: | | |
| Buildings | \$ 7,948,617 | \$ 7,948,617 |
| Equipment | 64,024 | 64,024 |
| Infrastructure | 33,321,302 | 33,321,302 |
| Total property, plant and equipment | 41,333,943 | 41,333,943 |
| Accumulated depreciation | (12,440,167) | (11,324,119) |
| Net property, plant and equipment | 28,893,776 | 30,009,824 |
| Total Assets | 28,893,776 | 30,009,824 |
| Deferred Outflows of Resources | | |
| Unamortized deferred loss on bonds | 153,254 | 186,095 |
| Related to pensions | 79,579 | 78,120 |
| Related to other postemployment benefits | 9,648 | 3,679 |
| Total Deferred Outflows of Resources | 242,481 | 267,894 |
| Total Assets and Deferred Outflows of Resources | \$ 29,136,257 | \$ 30,277,718 |
| Liabilities, Deferred Inflows of Resources and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ 37,380 | \$ 125,752 |
| Accrued leave | 6,225 | 6,673 |
| Due to General Fund | 6,824,588 | 5,444,259 |
| Accrued interest payable | 43,521 | 49,171 |
| Current portion of general obligation bonds | 580,000 | 565,000 |
| Total Current Liabilities | 7,491,714 | 6,190,855 |
| Noncurrent Liabilities | | |
| Net pension liability | 383,649 | 380,657 |
| Net other postemployment benefits liability | 28,307 | 22,674 |
| Lease credits payable | 1,310,978 | 1,314,851 |
| General obligation bonds, net of premium | 2,818,637 | 3,457,274 |
| Interfund loan payable | 2,671,895 | 2,693,488 |
| Total Noncurrent Liabilities | 7,213,466 | 7,868,944 |
| Total Liabilities | 14,705,180 | 14,059,799 |
| Deferred Inflows of Resources | | |
| Related to pensions | 7,472 | 12,577 |
| Related to other postemployment benefits | 10,504 | 10,146 |
| Total Deferred Inflows of Resources | 17,976 | 22,723 |
| Net Position | | |
| Net Investment in capital assets | 25,648,393 | 26,173,645 |
| Unrestricted (deficit) | (11,235,292) | (9,978,449) |
| Total Net Position | 14,413,101 | 16,195,196 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | \$ 29,136,257 | \$ 30,277,718 |

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses, and
Changes in Net Position

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Charges for services | \$ 13,816 | \$ 10,290 |
| Operating Expenses | | |
| Dock operations | 1,982,509 | 1,306,423 |
| Depreciation | 1,116,048 | 1,116,832 |
| Total Operating Expenses | 3,098,557 | 2,423,255 |
| Operating Loss | (3,084,741) | (2,412,965) |
| Nonoperating Revenues (Expenses) | | |
| Intergovernmental - State sources: | | |
| PERS relief (burden) | (2,750) | 2,205 |
| Debt service reimbursement - interest | 116,066 | 709,913 |
| Insurance recovery | - | 2,400,000 |
| Interest expense | (116,066) | (150,209) |
| Gain on disposal of capital assets | 2,751 | - |
| Net Nonoperating Revenues | 1 | 2,961,909 |
| Gain (loss) Before Capital Contributions, Transfers, and Extraordinary Items | (3,084,740) | 548,944 |
| Capital contributions | 603,665 | 10,618 |
| Transfers in | 700,000 | 700,000 |
| Transfers out | (1,020) | - |
| Change in Net Position | (1,782,095) | 1,259,562 |
| Net Position, beginning | 16,195,196 | 14,935,634 |
| Net Position, ending | \$ 14,413,101 | \$ 16,195,196 |

Matanuska-Susitna Borough, Alaska

Port Enterprise Fund
Statement of Cash Flows

| <i>Years Ended June 30,</i> | 2019 | 2018 |
|---|-----------------------|--------------------|
| Cash Flows from Operating Activities | | |
| Receipts from customers | \$ 9,943 | \$ 6,417 |
| Insurance recovery | - | 2,400,000 |
| Payments to suppliers | (1,932,567) | (1,526,232) |
| Payments to employees | (145,062) | (210,131) |
| Net cash flows from (for) operating activities | (2,067,686) | 670,054 |
| Cash Flows from Noncapital Financing Activities | | |
| Payments on interfund loan | (21,593) | (2,250,000) |
| Transfers in | 700,000 | 700,000 |
| Transfers out | (1,020) | - |
| Net cash flows from noncapital financing activities | 677,387 | 700,000 |
| Cash Flows from Capital and Related Financing Activities | | |
| Capital contributions received | 603,665 | 10,618 |
| Sale of capital assets | 2,751 | - |
| Principal and interest paid on bonds | (712,512) | (709,113) |
| Debt service reimbursement | 116,066 | 709,913 |
| Increase in due to General Fund | 1,380,329 | 868,528 |
| Net cash flows from (for) capital and related financing activities | 1,390,299 | (1,370,054) |
| Net Change in Cash and Investments | - | - |
| Cash and Investments, beginning of year | - | - |
| Cash and Investments, end of year | \$ - | \$ - |
| Reconciliation of Operating Loss to Net Cash Flows from (for) Operating Activities | | |
| Operating loss | \$ (3,084,741) | \$ (2,412,965) |
| Adjustments to reconcile operating loss to net cash flows for operating activities: | | |
| Depreciation | 1,116,048 | 1,116,832 |
| Lease credits exercised | (3,873) | (3,873) |
| Noncash expense - PERS relief | (2,750) | 2,205 |
| Insurance recovery | - | 2,400,000 |
| (Increase) decrease in assets and deferred outflows of resources: | | |
| Deferred outflows of resources related to pension | (1,459) | 27,623 |
| Deferred outflows of resources related to other postemployment benefits | (5,969) | 1,412 |
| Increase (decrease) in liabilities and deferred inflows of resources: | | |
| Net pension liability | 2,992 | (28,232) |
| Net other postemployment benefits liability | 5,633 | (11,907) |
| Accounts payable | (88,372) | (400,299) |
| Accrued leave | (448) | (38,907) |
| Deferred inflows of resources related to pension | (5,105) | 8,019 |
| Deferred inflows of resources related to other postemployment benefits | 358 | 10,146 |
| Net Cash Flows from (for) Operating Activities | \$ (2,067,686) | \$ 670,054 |

INTERNAL SERVICE FUNDS

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Net Position

| <i>June 30, 2019</i> | Revolving Loan | Self- Insurance | Totals |
|---|---------------------|----------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and investments | \$ 986,199 | \$ 27,427,817 | \$ 28,414,016 |
| Interfund loans receivable | 47,466 | - | 47,466 |
| Deposits with others | - | 25,000 | 25,000 |
| Total Current Assets | 1,033,665 | 27,452,817 | 28,486,482 |
| Interfund Loans Receivable, long-term | 433,719 | - | 433,719 |
| Total Assets | \$ 1,467,384 | \$ 27,452,817 | \$ 28,920,201 |
| Liabilities and Net Position | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Insurance claims incurred but not reported and claims payable | \$ - | \$ 1,969,191 | \$ 1,969,191 |
| Current portion of loans payable | 20,066 | - | 20,066 |
| Total Current Liabilities | 20,066 | 1,969,191 | 1,989,257 |
| Noncurrent Liabilities - loans payable | 195,318 | - | 195,318 |
| Total Liabilities | 215,384 | 1,969,191 | 2,184,575 |
| Net Position | | | |
| Unrestricted | 1,252,000 | 25,483,626 | 26,735,626 |
| Total Liabilities and Net Position | \$ 1,467,384 | \$ 27,452,817 | \$ 28,920,201 |

Matanuska-Susitna Borough, Alaska
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position

| <i>Year Ended June 30, 2019</i> | Revolving Loan | Self- Insurance | Totals |
|---|---------------------|----------------------|----------------------|
| Operating Revenues | | | |
| Intragovernmental | \$ - | \$ 9,267,341 | \$ 9,267,341 |
| Interest on loans | 683 | - | 683 |
| Employee contributions | - | 1,059,358 | 1,059,358 |
| Total Operating Revenues | 683 | 10,326,699 | 10,327,382 |
| Operating Expenses | | | |
| Claims | - | 8,081,233 | 8,081,233 |
| Administrative fees | - | 1,179,609 | 1,179,609 |
| Premium | - | 252,137 | 252,137 |
| Total Operating Expenses | - | 9,512,979 | 9,512,979 |
| Operating Income | 683 | 813,720 | 814,403 |
| Nonoperating Revenue - interest income | - | 24,832 | 24,832 |
| Income Before Transfers | 683 | 838,552 | 839,235 |
| Transfers out | (683) | - | (683) |
| Change in Net Position | - | 838,552 | 838,552 |
| Net Position, beginning | 1,252,000 | 24,645,074 | 25,897,074 |
| Net Position, ending | \$ 1,252,000 | \$ 25,483,626 | \$ 26,735,626 |

Matanuska-Susitna Borough, Alaska

Internal Service Funds
Combining Statement of Cash Flows

| <i>Year Ended June 30, 2019</i> | Revolving Loan | Self- Insurance | Totals |
|---|-------------------|----------------------|----------------------|
| Cash Flows from Operating Activities | | | |
| Principal payments received on loans | \$ 77,167 | \$ - | \$ 77,167 |
| Interest payments received on loans | 683 | - | 683 |
| Principal payments on loans payable | (19,768) | - | (19,768) |
| Internal activity - payments from other funds | - | 9,267,341 | 9,267,341 |
| Receipts from employees and other | - | 1,083,262 | 1,083,262 |
| Payments for claims and services | - | (9,219,550) | (9,219,550) |
| Net cash flows from operating activities | 58,082 | 1,131,053 | 1,189,135 |
| Cash Flows for Noncapital Financing Activities | | | |
| Transfers out | (683) | - | (683) |
| Cash Flows from Investing Activities | | | |
| Investment income | - | 24,832 | 24,832 |
| Net Increase in Cash and Investments | 57,399 | 1,155,885 | 1,213,284 |
| Cash and Investments, beginning of year | 928,800 | 26,271,932 | 27,200,732 |
| Cash and Investments, end of year | \$ 986,199 | \$ 27,427,817 | \$ 28,414,016 |
| Reconciliation of Operating Income to Net Cash | | | |
| Flows from Operating Activities | | | |
| Operating income | \$ 683 | \$ 813,720 | \$ 814,403 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | |
| Decrease in assets - loans receivable | 77,167 | - | 77,167 |
| Increase (decrease) in liabilities: | | | |
| Deposits with others | - | 23,905 | 23,905 |
| Loans payable | (19,768) | - | (19,768) |
| Insurance claims incurred but not reported | - | 293,428 | 293,428 |
| Net Cash Flows from Operating Activities | \$ 58,082 | \$ 1,131,053 | \$ 1,189,135 |

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds
Combining Statement of Net Position

| <i>June 30, 2019</i> | Service Area Operating | Fire Capital Equipment | Road Service Areas | Totals |
|---|------------------------------|------------------------------|--------------------------|---------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 82,749 | \$ 380,000 | \$ 523,450 | \$ 986,199 |
| Interfund loans receivable | 32,440 | - | 15,026 | 47,466 |
| Total Current Assets | 115,189 | 380,000 | 538,476 | 1,033,665 |
| Interfund Loans Receivable, long-term | 285,109 | 20,000 | 128,610 | 433,719 |
| Total Assets | \$ 400,298 | \$ 400,000 | \$ 667,086 | \$ 1,467,384 |
| Liabilities and Net Position | | | | |
| Liabilities | | | | |
| Current liabilities - current portion of loans payable | \$ 5,040 | \$ - | \$ 15,026 | \$ 20,066 |
| Noncurrent liability - loans payable | 66,708 | - | 128,610 | 195,318 |
| Total Liabilities | 71,748 | - | 143,636 | 215,384 |
| Net Position | | | | |
| Unrestricted | 328,550 | 400,000 | 523,450 | 1,252,000 |
| Total Liabilities and Net Position | \$ 400,298 | \$ 400,000 | \$ 667,086 | \$ 1,467,384 |

Matanuska-Susitna Borough, Alaska
Revolving Loan Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position

| <i>Year Ended June 30, 2019</i> | Service Area Operating | Fire Capital Equipment | Road Service Areas | Totals |
|---------------------------------|------------------------------|------------------------------|--------------------------|--------------|
| Operating Revenues | | | | |
| Interest on loans | \$ 683 | \$ - | \$ - | \$ 683 |
| Transfers out | (683) | - | - | (683) |
| Change in Net Position | - | - | - | - |
| Net Position, beginning | 328,550 | 400,000 | 523,450 | 1,252,000 |
| Net Position, ending | \$ 328,550 | \$ 400,000 | \$ 523,450 | \$ 1,252,000 |

Matanuska-Susitna Borough, Alaska

Revolving Loan Internal Service Funds
Combining Statement of Cash Flows

| <i>Year Ended June 30, 2019</i> | Service Area Operating | Fire Capital Equipment | Road Service Areas | Totals |
|---|------------------------------|------------------------------|--------------------------|------------------|
| Cash Flows from Operating Activities | | | | |
| Principal payments received on loans | \$ 32,364 | \$ 30,000 | \$ 14,803 | \$ 77,167 |
| Interest payments received on loans | 683 | - | - | 683 |
| Principal payments on loans payable | (4,965) | - | (14,803) | (19,768) |
| Net cash flows from operating activities | 28,082 | 30,000 | - | 58,082 |
| Cash Flows for Noncapital Financing Activities | | | | |
| Transfers out | (683) | - | - | (683) |
| Net Increase in Cash and Investments | 27,399 | 30,000 | - | 57,399 |
| Cash and Investments, beginning of year | 55,350 | 350,000 | 523,450 | 928,800 |
| Cash and Investments, end of year | \$ 82,749 | \$ 380,000 | \$ 523,450 | \$ 986,199 |
| Reconciliation of Operating Income to Net Cash Flows from Operating Activities | | | | |
| Operating income | \$ 683 | \$ - | \$ - | \$ 683 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | |
| Decrease in loans receivable | 32,364 | 30,000 | 14,803 | 77,167 |
| Decrease in loans payable | (4,965) | - | (14,803) | (19,768) |
| Net Cash Flows from Operating Activities | \$ 28,082 | \$ 30,000 | \$ - | \$ 58,082 |

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Net Position

| <i>June 30, 2019</i> | Unemploy- ment Insurance | Health Insurance | Property and Casualty Insurance | Workers' Comp Insurance | Totals |
|--|--------------------------------|----------------------|--|-------------------------------|----------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and investments | \$ 556,790 | \$ 16,877,662 | \$ 1,500,000 | \$ 8,493,365 | \$ 27,427,817 |
| Deposits with others | - | - | - | 25,000 | 25,000 |
| Total Current Assets | \$ 556,790 | \$ 16,877,662 | \$ 1,500,000 | \$ 8,518,365 | \$ 27,452,817 |
| Liabilities and Net Position | | | | | |
| Current Liabilities | | | | | |
| Insurance claims incurred but not reported and claims payable | \$ - | \$ 1,566,983 | \$ - | \$ 402,208 | \$ 1,969,191 |
| Total Current Liabilities | - | 1,566,983 | - | 402,208 | 1,969,191 |
| Net Position | | | | | |
| Unrestricted | 556,790 | 15,310,679 | 1,500,000 | 8,116,157 | 25,483,626 |
| Total Liabilities and Net Position | \$ 556,790 | \$ 16,877,662 | \$ 1,500,000 | \$ 8,518,365 | \$ 27,452,817 |

Matanuska-Susitna Borough, Alaska
Self-Insurance Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position

| <i>Year Ended June 30, 2019</i> | Unemploy- ment Insurance | Health Insurance | Property and Casualty Insurance | Workers' Comp Insurance | Totals |
|---------------------------------|--------------------------------|---------------------|--|-------------------------------|---------------|
| Operating Revenues | | | | | |
| Intragovernmental | \$ 165,942 | \$ 7,937,733 | \$ - | \$ 1,163,666 | \$ 9,267,341 |
| Employee contributions | - | 1,059,358 | - | - | 1,059,358 |
| Total Operating Revenues | 165,942 | 8,997,091 | - | 1,163,666 | 10,326,699 |
| Operating Expenses | | | | | |
| Claims | 61,458 | 7,331,721 | - | 688,054 | 8,081,233 |
| Administrative fees | - | 1,120,808 | - | 58,801 | 1,179,609 |
| Premium | - | - | - | 252,137 | 252,137 |
| Total Operating Expenses | 61,458 | 8,452,529 | - | 998,992 | 9,512,979 |
| Operating Income | 104,484 | 544,562 | - | 164,674 | 813,720 |
| Nonoperating Revenue - | | | | | |
| investment income | - | 24,832 | - | - | 24,832 |
| Change in Net Position | 104,484 | 569,394 | - | 164,674 | 838,552 |
| Net Position, beginning | 452,306 | 14,741,285 | 1,500,000 | 7,951,483 | 24,645,074 |
| Net Position, ending | \$ 556,790 | \$ 15,310,679 | \$ 1,500,000 | \$ 8,116,157 | \$ 25,483,626 |

Matanuska-Susitna Borough, Alaska

Self-Insurance Internal Service Funds
Combining Statement of Cash Flows

| <i>Year Ended June 30, 2019</i> | Unemploy- ment Insurance | Health Insurance | Property and Casualty Insurance | Workers' Comp Insurance | Totals |
|---|--------------------------------|----------------------|--|-------------------------------|----------------------|
| Cash Flows from Operating Activities | | | | | |
| Internal activity - payments from other funds | \$ 165,942 | \$ 7,937,733 | \$ - | \$ 1,163,666 | \$ 9,267,341 |
| Receipts from employees and other | - | 1,059,358 | - | 23,904 | 1,083,262 |
| Payments for claims and services | (61,458) | (8,401,253) | - | (756,839) | (9,219,550) |
| Net cash flows from operating activities | 104,484 | 595,838 | - | 430,731 | 1,131,053 |
| Cash Flows from Investing Activities | | | | | |
| Investment income | - | 24,832 | - | - | 24,832 |
| Net Increase in Cash and Investments | 104,484 | 620,670 | - | 430,731 | 1,155,885 |
| Cash and Investments, beginning of year | 452,306 | 16,256,992 | 1,500,000 | 8,062,634 | 26,271,932 |
| Cash and Investments, end of year | \$ 556,790 | \$ 16,877,662 | \$ 1,500,000 | \$ 8,493,365 | \$ 27,427,817 |
| Reconciliation of Operating Income to Net Cash Flows from Operating Activities | | | | | |
| Operating income | \$ 104,484 | \$ 544,562 | \$ - | \$ 164,674 | \$ 813,720 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | | |
| Deposits with others | - | - | - | 23,905 | 23,905 |
| Insurance claims incurred but not reported | - | 51,276 | - | 242,152 | 293,428 |
| Net Cash Flows from Operating Activities | \$ 104,484 | \$ 595,838 | \$ - | \$ 430,731 | \$ 1,131,053 |

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AGENCY FUNDS

Matanuska-Susitna Borough, Alaska

Agency Funds

Combining Statement of Changes in Assets and Liabilities

| <i>Year Ended June 30, 2019</i> | Property Tax Agency | | | Balance at June 30, 2019 |
|-----------------------------------|---|-------------------|--------------------|--------------------------------|
| | Balance at July 1, 2018 | Additions | Deletions | |
| Assets | | | | |
| Cash and investments | \$ 8,863 | \$ - | \$ 163,218 | \$ (154,355) |
| Property taxes receivable: | | | | |
| Real | 63,310 | 22,402 | - | 85,712 |
| Personal | 10,464 | - | 499 | 9,965 |
| Advances to others | - | 154,355 | - | 154,355 |
| Total Assets | \$ 82,637 | \$ 176,757 | \$ 163,717 | \$ 95,677 |
| Liabilities | | | | |
| Accounts payable | \$ 8,863 | \$ - | \$ 8,863 | \$ - |
| Taxes collected in advance | 73,774 | - | (21,903) | 95,677 |
| Total Liabilities | \$ 82,637 | \$ - | \$ (13,040) | \$ 95,677 |
| | Road, Gas Line and Community Water Agency | | | |
| <i>Year Ended June 30, 2019</i> | Balance at July 1, 2018 | Additions | Deletions | Balance at June 30, 2019 |
| Assets | | | | |
| Cash and investments | \$ 231,692 | \$ 154,143 | \$ - | \$ 385,835 |
| Special assessments receivable | 1,080,087 | - | 308,231 | 771,856 |
| Total Assets | \$ 1,311,779 | \$ 154,143 | \$ 308,231 | \$ 1,157,691 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 1,415 | \$ - | \$ 1,415 |
| Deposits | 620,165 | 43,452 | - | 663,617 |
| Bonds payable - gas lines | 572,704 | - | 144,245 | 428,459 |
| Bonds payable - road improvements | 57,010 | - | 21,510 | 35,500 |
| Bonds payable - water | 61,900 | - | 33,200 | 28,700 |
| Total Liabilities | \$ 1,311,779 | \$ 44,867 | \$ 198,955 | \$ 1,157,691 |

Matanuska-Susitna Borough, Alaska
Agency Funds
Combining Statement of Changes in Assets and Liabilities, continued

| <i>Year Ended June 30, 2019</i> | Totals | | | Balance at June 30, 2019 |
|-----------------------------------|-------------------------------|-------------------|-------------------|--------------------------------|
| | Balance at July 1, 2018 | Additions | Deletions | |
| Assets | | | | |
| Cash and investments | \$ 240,555 | \$ 154,143 | \$ 163,218 | \$ 231,480 |
| Property taxes receivable: | | | | |
| Real | 63,310 | 22,402 | - | 85,712 |
| Personal | 10,464 | - | 499 | 9,965 |
| Special assessments receivable | 1,080,087 | - | 308,231 | 771,856 |
| Advances to others | - | 154,355 | - | 154,355 |
| Total Assets | \$ 1,394,416 | \$ 330,900 | \$ 471,948 | \$ 1,253,368 |
| Liabilities | | | | |
| Accounts payable | \$ 8,863 | \$ 1,415 | \$ 8,863 | \$ 1,415 |
| Deposits | 620,165 | 43,452 | - | 663,617 |
| Taxes collected in advance | 73,774 | - | (21,903) | 95,677 |
| Bonds payable - gas lines | 572,704 | - | 144,245 | 428,459 |
| Bonds payable - road improvements | 57,010 | - | 21,510 | 35,500 |
| Bonds payable - water | 61,900 | - | 33,200 | 28,700 |
| Total Liabilities | \$ 1,394,416 | \$ 44,867 | \$ 185,915 | \$ 1,253,368 |

FEDERAL AND STATE EXPENDITURES

Matanuska-Susitna Borough, Alaska

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Award Amount | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------|--|--------------|---------------------------------|----------------------------|
| Department of Agriculture | | | | | |
| Forest Service Schools and Roads Cluster: | | | | | |
| Schools and Roads - Grants to States | 10.665 | | \$ 22,083 | \$ - | \$ 22,083 |
| Passed through State of Alaska, Department of Natural Resources: | | | | | |
| Cooperative Forestry Assistance - FY18 Butte VFA | 10.664 | 398020 | 6,674 | - | 6,674 |
| Cooperative Forestry Assistance - FY18 Caswell Lakes VFA | 10.664 | 398430 | 5,255 | - | 5,255 |
| Cooperative Forestry Assistance - FY18 Sutton VFA | 10.664 | 398430 | 7,443 | - | 7,443 |
| Cooperative Forestry Assistance - FY18 Talkeetna VFA | 10.664 | 398430 | 7,500 | - | 7,435 |
| Cooperative Forestry Assistance - FY18 West Lakes VFA | 10.664 | 398020 | 7,500 | - | 7,500 |
| Cooperative Forestry Assistance - FY18 Willow VFA | 10.664 | 398430 | 7,449 | - | 7,386 |
| Total Passed through the State of Alaska, Department of Natural Resources | | | | - | 41,693 |
| Total Department of Agriculture | | | | | 63,776 |
| Department of Commerce | | | | | |
| Passed through State of Alaska, Department of Fish and Game - Pacific Coast Salmon Recovery Pacific Salmon Treaty Program | | | | | |
| | 11.438 | AKSSF-44213-B | 355,000 | - | 84,615 |
| Department of Homeland Security | | | | | |
| Passed through State of Alaska, Department of Military and Veterans Affairs: | | | | | |
| Homeland Security Grant Program - 2017 | 97.067 | 20SHSP-GY17 | 110,940 | - | 36,587 |
| Emergency Management Performance Grant | 97.042 | 20EMPG-GY18 | 143,500 | - | 132,957 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) - 2012 Flood | 97.036 | DR-4094-AK | 3,578,393 | - | 181,032 |
| Hazard Mitigation Grant - Butte River Erosion Mitigation | 97.039 | 4162.0004 | 2,526,075 | - | 90,238 |
| Hazard Mitigation Grant - Sutton River Erosion Mitigation | 97.039 | 4162.0005 | 821,438 | - | 222,386 |
| Total CFDA 97.039 | | | | - | 312,624 |
| Total Passed through State of Alaska, Department of Military and Veterans Affairs | | | | - | 663,200 |
| Total Department of Homeland Security | | | | | 663,200 |
| Department of the Interior | | | | | |
| Payments in Lieu of Taxes | | | | | |
| | 15.226 | | 3,707,324 | - | 3,707,324 |
| Fish and Wildlife Management Assistance | | | | | |
| Mat-Su Fish Passage 2020 | 15.608 | | 1,546,000 | - | 203,174 |
| Fish and Wildlife Cluster | | | | | |
| Passed through State of Alaska, Fish and Wildlife | | | | | |
| Wildlife Restoration and Basic Hunter Education | 15.611 | 19-056 | 646,500 | - | 18,189 |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Matanuska-Susitna Borough, Alaska

Exhibit O-1, continued

Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2019

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Award Amount | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------|--|--------------|---------------------------------|----------------------------|
| Department of the Interior, continued | | | | | |
| Passed through State of Alaska, Department of Natural Resources - | | | | | |
| Historic Preservation Fund Grants-In-Aid | | | | | |
| National Alliance of Preservation | 15.904 | HPF #17019 | \$ 3,545 | \$ - | \$ 1,654 |
| Historic Preservation Fund Grants-In-Aid | | | | | |
| Rebarchek Colony Farm | 15.904 | HPF #18004 | 25,000 | - | 21,736 |
| Total CFDA 15.904 | | | | - | 23,390 |
| Total Department of the Interior | | | | - | 3,952,077 |
| Department of Transportation | | | | | |
| Passed through the State of Alaska, Department of Transportation and Public Facilities - | | | | | |
| Highway Planning and Construction Cluster- | | | | | |
| Update of the MSB Long Range Transportation Plan | 20.205 | AKSAS 59289, 80406 | 795,000 | - | (1,877) |
| Department of Environmental Protection | | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | | 550,000 | - | 266,826 |
| Passed through the State of Alaska, Department of Environmental Conservation: | | | | | |
| Performance Partnership Grants - Stormwater Analysis on Wasilla Creek | | | | | |
| | 66.605 | ACWA 18-04 | 30,000 | - | 30,000 |
| Total Department of Environmental Protection | | | | - | 296,826 |
| Department of Health and Human Services | | | | | |
| Passed through the State of Alaska, Department of Health and Social Services - | | | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) | | | | | |
| Aligned Cooperative Agreements | 93.074 | 601-299-19002 | 40,000 | - | 40,000 |
| Total Expenditures of Federal Awards | | | | \$ - | \$ 5,098,617 |

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Matanuska-Susitna Borough, Alaska

Schedule of State Financial Assistance
Year Ended June 30, 2019

| State Grantor / Pass-Through Grantor Program Title | Grant Number | Award Amount | Passed Through to Subrecipients | State Expenditures |
|---|--------------------|--------------|---------------------------------|--------------------|
| Department of Commerce, Community and Economic Development | | | | |
| * Community Assistance Program | FY19 | \$ 6,599,295 | \$ - | \$ 2,401,492 |
| Marijuana Shared Revenue | FY19 | 26,800 | - | 26,800 |
| * South Big Lake Road Realignment | 13-RR-016 | 4,704,775 | - | 1,730,141 |
| Talkeetna Public Library & Comm Resource Ctr | 13-DC-532 | 2,800,000 | - | 5,140 |
| Port MacKenzie Rail Extension | 13-DC-630 | 23,500,000 | - | 395,998 |
| Road Bond Package State Match | 13-DC-632 | 32,200,000 | - | 491,558 |
| Fisheries and Fish Protection | 14-DC-080 | 2,500,000 | - | 173,206 |
| Michelle Dr and Gina Circle Reconstruction | 14-DC-083 | 160,000 | - | 1,172 |
| Port MacKenzie Cathodic Protection | 14-DC-085 | 2,500,000 | - | 10,618 |
| Rail Extension to Port MacKenzie | 14-DC-086 | 25,000,000 | - | 86,953 |
| Willow Fire Service Area Fire Station Addition Construction | 14-DC-102 | 100,000 | - | 79,790 |
| * Bogard Road Extension East | 15-DC-099 | 7,000,000 | - | 526,646 |
| Rail Extension to Port MacKenzie | 15-DC-104 | 13,000,000 | - | 499,544 |
| AK State 50% Match for Transportation School Access Bonds | 15-DC-105 | 1,600,000 | - | 43 |
| Upgrade .85 miles Michelle Dr., Gina Cir. & Getts Way | 15-DC-107 | 250,000 | - | 227,318 |
| Total Department of Commerce, Community and Economic Development | | | - | 6,656,419 |
| Department of Education and Early Development | | | | |
| * Debt Retirement Program | FY19 | 19,831,024 | - | 19,831,024 |
| Sutton Public Library Assistance | PLA-19-775-01 | 7,000 | - | 7,000 |
| Talkeetna Public Library Assistance | PLA-19-777-01 | 7,000 | - | 7,000 |
| Willow Public Library Assistance | PLA-19-789-01 | 7,000 | - | 7,000 |
| Big Lake Public Library Assistance | PLA-19-807-01 | 7,000 | - | 7,000 |
| Trapper Creek Public Library Assistance | PLA-19-827-01 | 7,000 | - | 7,000 |
| Library Continuing Education - Sutton | CED-19-775-01 & 02 | 2,500 | - | 2,500 |
| Library Continuing Education - Talkeetna | CED-19-777-01 | 1,250 | - | 1,250 |
| Library Continuing Education - Willow | CED-19-789-01 | 1,250 | - | 1,250 |
| Library Continuing Education - Big Lake | CED-19-807-01 | 1,250 | - | 1,250 |
| Small Library Institute of Continuing Education | FY19 | 600 | - | 600 |
| Total Department of Education and Early Development | | | - | 19,872,874 |
| Department of Health and Social Services | | | | |
| Human Services Community Matching Grant FY19 | 605-231-19003 | 289,311 | - | 289,311 |
| Department of Revenue | | | | |
| * Electric & Telephone Shared Revenue | FY19 | 728,149 | - | 728,149 |
| Fisheries Bus Share Tax | FY19 | 151 | - | 151 |
| Total Department of Revenue | | | - | 728,300 |

See accompanying notes to the Schedule of State Financial Assistance.

Matanuska-Susitna Borough, Alaska

Schedule of State Financial Assistance, continued
Year Ended June 30, 2019

| State Grantor/Pass-Through Grantor Program Title | Grant Number | Award Amount | Passed Through to Subrecipients | State Expenditures |
|---|--------------|--------------|---------------------------------|--------------------|
| Department of Transportation and Public Facilities | | | | |
| * 2004 Series C Port Bond | HB528 | 709,113 | \$ - | \$ 709,113 |
| FY06 Hiway Projects (DOT) Seldon Rd. Extension | AKSAS59213 | N/A | - | (1,653) |
| Total Department of Transportation and Public Facilities | | | - | 707,460 |
| Department of Military and Veterans Affairs | | | | |
| FY19 Local Emergency Planning Committee | 20LEPC-GY19 | 20,100 | - | 19,129 |
| Passed through U.S. Department of Homeland Security - | | | | |
| Hazard Mitigation Grant Program - | | | | |
| Butte Matanuska River Erosion Mitigation (25%) | 4162.0004 | 842,025 | - | 30,080 |
| Hazard Mitigation Grant Program - | | | | |
| Sutton Matanuska River Erosion Mitigation (25%) | 4162.0005 | 273,812 | - | 74,129 |
| MSB Flood Event - Sept 2012 - FEMA (25%) | DR-4094-AK | 1,192,798 | - | 60,344 |
| Total Passed through U.S. Department of Homeland Security | | | - | 164,553 |
| Total Department of Military and Veterans Affairs | | | - | 183,682 |
| Department of Natural Resources | | | | |
| Oregon Lakes Fire | 2019-IT-002 | 15,395 | - | 15,395 |
| Shovel Creek Fire | 2019-IT-003 | 11,305 | - | 11,305 |
| Total Department of Natural Resources | | | - | 26,700 |
| Department of Administration | | | | |
| * PERS Relief | FY19 | 1,489,264 | - | 1,489,264 |
| Total State Financial Assistance | | | \$ - | \$ 29,954,010 |

* Indicates a State Major Program

See accompanying notes to the Schedule of State Financial Assistance.

Matanuska-Susitna Borough, Alaska

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended June 30, 2019

1. Basis of Presentation

The accompanying schedules of state financial assistance and expenditures of federal awards (the "Schedules") include the state and federal grant activity of Matanuska-Susitna Borough under programs of the state and federal governments for the year ended June 30, 2019. The information in these Schedules is presented in accordance with the requirements of *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of Matanuska-Susitna Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of Matanuska-Susitna Borough.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the schedule (if any) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. PERS On-Behalf

The Borough has recorded \$1,489,264 in PERS On-Behalf payments in the Schedule of State Financial Assistance. This represents the PERS relief payment appropriated and transferred into the plan during FY19.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in the year appropriated and transferred to the plan. However, in the full accrual financial statements, GASB Statement No. 68 provisions prescribe that on-behalf pension contributions in a special funding situation may only be recognized during the measurement period in which the plan recognizes the contributions, effectively creating a one-year timing difference between the cash contribution and revenue and expense recognition by the Borough.

As a result of these perspective and timing differences, amounts reported in the financial statements do not agree to the amounts reported on the Schedule of State Financial Assistance.

4. Indirect Cost Rate

The Borough has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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STATISTICAL SECTION

MATANUSKA-SUSITNA BOROUGH
Statistical Section Contents

| | <u>Schedule(s)</u> | <u>Page(s)</u> |
|--|--------------------|----------------|
| <u>Financial Trends</u> | | |
| These schedules contain trend information to help the reader understand how the Borough's financial performance and well-being have changed over time. | 1-5 | 181-186 |
| <u>Revenue Capacity</u> | | |
| These schedules contain information to help the reader assess the factors affecting the Borough's ability to generate it's property taxes. | 6-9 | 187-191 |
| <u>Debt Capacity</u> | | |
| These schedules present information to help the reader assess the affordability of the Borough's current levels of outstanding debt and the Borough's ability to issue additional debt in the future. | 10-15 | 192-197 |
| <u>Demographic and Economic Information</u> | | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the Borough's financial activities take place and to help make comparison over time and with other governments. | 16-17 | 198-199 |
| <u>Operating Information</u> | | |
| These schedules contain information about the Borough's operations and resources to help the reader understand how the Borough's financial information related to the services the Borough provides and the activities it performs. | 18-20 | 200-202 |

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MATANUSKA-SUSITNA BOROUGH
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2010 | 2011* | 2012* | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 389,804,017 | \$ 382,358,825 | \$ 457,114,641 | \$ 508,684,140 | \$ 586,832,955 | \$ 655,967,658 | \$ 711,672,450 | \$ 717,796,172 | \$ 731,250,626 | \$ 754,521,515 |
| Restricted | 76,147,545 | 1,087,682 | 1,085,976 | 1,084,439 | 1,848,836 | 6,927,928 | 5,088,112 | 33,138,798 | 3,954,648 | 4,053,732 |
| Unrestricted | <u>55,367,352</u> | <u>189,689,534</u> | <u>154,048,260</u> | <u>157,782,247</u> | <u>154,221,875</u> | <u>127,774,151</u> | <u>131,390,966</u> | <u>118,566,666</u> | <u>151,368,002</u> | <u>148,579,407</u> |
| Total governmental activities net position | <u>\$ 521,318,914</u> | <u>\$ 573,136,041</u> | <u>\$ 612,248,877</u> | <u>\$ 667,550,826</u> | <u>\$ 742,903,666</u> | <u>\$ 790,669,737</u> | <u>\$ 848,151,528</u> | <u>\$ 869,501,636</u> | <u>\$ 886,573,276</u> | <u>\$ 907,154,654</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 36,507,656 | \$ 41,544,009 | \$ 42,661,168 | \$ 36,163,919 | \$ 31,191,467 | \$ 33,602,838 | \$ 30,996,296 | \$ 29,816,551 | \$ 29,266,034 | \$ 29,250,432 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted (deficit) | <u>(4,500,251)</u> | <u>(8,145,505)</u> | <u>(9,410,516)</u> | <u>(3,378,407)</u> | <u>(7,339,896)</u> | <u>(10,177,832)</u> | <u>(10,767,386)</u> | <u>(10,093,032)</u> | <u>(7,422,995)</u> | <u>(6,597,966)</u> |
| Total business-type activities net position | <u>\$ 32,007,405</u> | <u>\$ 33,398,504</u> | <u>\$ 33,250,652</u> | <u>\$ 32,785,512</u> | <u>\$ 23,851,571</u> | <u>\$ 23,425,006</u> | <u>\$ 20,228,910</u> | <u>\$ 19,723,519</u> | <u>\$ 21,843,039</u> | <u>\$ 22,652,466</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 426,311,673 | \$ 423,902,834 | \$ 499,775,809 | \$ 544,848,059 | \$ 618,024,422 | \$ 689,570,496 | \$ 742,668,746 | \$ 747,612,723 | \$ 760,516,660 | \$ 783,771,947 |
| Restricted | 76,147,545 | 1,087,682 | 1,085,976 | 1,084,439 | 1,848,836 | 6,927,928 | 5,088,112 | 33,138,798 | 3,954,648 | 4,053,732 |
| Unrestricted (deficit) | <u>50,867,101</u> | <u>181,544,029</u> | <u>144,637,744</u> | <u>154,403,840</u> | <u>146,881,979</u> | <u>117,596,319</u> | <u>120,623,580</u> | <u>108,473,634</u> | <u>143,945,007</u> | <u>141,981,441</u> |
| Total primary government net position | <u>\$ 553,326,319</u> | <u>\$ 606,534,545</u> | <u>\$ 645,499,529</u> | <u>\$ 700,336,338</u> | <u>\$ 766,755,237</u> | <u>\$ 814,094,743</u> | <u>\$ 868,380,438</u> | <u>\$ 889,225,155</u> | <u>\$ 908,416,315</u> | <u>\$ 929,807,120</u> |

Notes: *Prior year amounts have not been restated for the implementation of Statement 54.

MATANUSKA-SUSITNA BOROUGH
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 21,609,559 | 18,348,693 | 19,309,310 | 15,966,207 | 20,704,665 | 21,492,676 | 24,261,580 | 26,668,270 | 22,771,086 | 23,154,030 |
| Public works | 3,888,031 | 3,600,452 | 4,115,712 | 4,212,583 | 4,276,429 | 13,967,990 | 12,934,880 | 5,414,122 | 6,667,478 | 5,068,357 |
| Emergency services | 17,038,974 | 18,214,176 | 19,608,706 | 22,058,588 | 20,545,881 | 23,826,995 | 28,733,622 | 31,121,723 | 28,203,210 | 31,307,833 |
| Public services | 21,204,922 | 21,086,908 | 24,115,247 | 26,506,256 | 28,059,904 | 41,185,883 | 29,676,676 | 33,680,511 | 33,191,962 | 38,217,331 |
| Education | 50,612,473 | 55,239,633 | 58,291,435 | 60,903,056 | 73,489,025 | 61,590,136 | 64,367,590 | 71,723,081 | 67,801,827 | 70,545,128 |
| Interest | 8,223,394 | 8,464,045 | 9,199,614 | 11,621,596 | 12,361,995 | 14,776,978 | 12,741,667 | 12,786,263 | 12,809,176 | 11,218,029 |
| Total governmental activities expenses | 122,577,353 | 124,953,907 | 134,640,024 | 141,268,286 | 159,437,899 | 176,840,658 | 172,716,015 | 181,393,970 | 171,444,739 | 179,510,708 |
| Business-type activities: | | | | | | | | | | |
| Solid waste | 4,879,075 | 4,674,968 | 4,826,419 | 4,800,883 | 5,404,454 | 5,969,325 | 8,801,323 | 7,795,028 | 7,757,003 | 6,917,118 |
| Port | 1,854,603 | 1,698,154 | 1,833,823 | 3,449,726 | 2,333,191 | 2,256,226 | 4,718,707 | 2,641,930 | 2,573,464 | 3,217,373 |
| Total business-type activities expenses | 6,733,678 | 6,373,122 | 6,660,242 | 8,250,609 | 7,737,645 | 8,225,551 | 13,520,030 | 10,436,958 | 10,330,467 | 10,134,491 |
| Total primary government expenses | \$ 129,311,031 | 131,327,029 | 141,300,266 | 149,518,895 | 167,175,544 | 185,066,209 | 186,236,045 | 191,830,928 | 181,775,206 | 189,645,199 |
| Program Revenues (see Schedule 3) | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Fees, fines, and charges for services: | | | | | | | | | | |
| General government | \$ 384,406 | 602,252 | 424,821 | 526,033 | 528,579 | 585,129 | 456,938 | 1,966,442 | 715,602 | 192,015 |
| Public works | 69,291 | 62,032 | 60,634 | 77,374 | 59,317 | 186,843 | 114,475 | 140,215 | 254,899 | 104,484 |
| Emergency services | 3,383,052 | 3,688,584 | 3,642,523 | 3,915,237 | 4,810,309 | 7,430,769 | 7,226,326 | 7,274,015 | 6,289,248 | 5,851,204 |
| Public services | | | | | | | | 4,304,319 | 2,168,518 | 1,679,081 |
| Education | 1,233,744 | 1,822,252 | 1,499,207 | 1,809,999 | 3,193,367 | 2,390,785 | 3,525,098 | - | 361,258 | 393,300 |
| Interest | - | - | - | - | - | - | - | - | - | - |
| Operating grants and contributions | 32,044 | 12,312,812 | 16,098,041 | 21,534,532 | 22,293,350 | 21,644,248 | 24,270,603 | 16,009,319 | 23,385,078 | 21,319,101 |
| Capital grants and other contributions | 17,717,288 | 32,873,329 | 31,327,802 | 44,236,489 | 83,419,592 | 77,432,954 | 55,623,908 | 17,647,089 | 10,887,779 | 6,523,893 |
| Total governmental activities program revenues | 22,819,825 | 51,361,261 | 53,053,028 | 72,099,664 | 114,304,514 | 109,670,728 | 91,217,348 | 47,341,399 | 44,062,382 | 36,063,078 |
| Business-type activities: | | | | | | | | | | |
| Fees, fines, and charges for services: | | | | | | | | | | |
| Solid waste | 3,398,656 | 3,510,305 | 4,268,602 | 5,586,782 | 5,598,895 | 6,746,489 | 8,606,426 | 9,046,715 | 8,925,931 | 9,481,543 |
| Port | 52,368 | 51,333 | 24,505 | 74,737 | 22,851 | 102,134 | 292,936 | 232,139 | 10,290 | 13,816 |
| Operating grants and contributions | 755,120 | 752,450 | 754,613 | 1,225,263 | 707,350 | 773,840 | 769,065 | 736,295 | 3,150,125 | 2,640 |
| Capital grants and other contributions | 2,910,702 | 4,797,253 | 1,245,246 | 742,939 | 1,013,727 | 2,705,520 | 1,838,861 | 4,026 | 10,618 | 719,731 |
| Total business-type activities program revenues | 7,116,846 | 9,111,341 | 6,292,966 | 7,629,721 | 7,342,823 | 10,327,983 | 11,507,288 | 10,019,175 | 12,096,964 | 10,217,730 |
| Total primary government program revenues | \$ 29,936,671 | 60,472,602 | 59,345,994 | 79,729,385 | 121,647,337 | 119,998,711 | 102,724,636 | 57,360,574 | 56,159,346 | 46,280,808 |
| Net (Expenses)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (99,757,528) | (73,592,646) | (81,586,996) | (69,168,622) | (45,133,385) | (67,169,930) | (81,498,667) | (134,052,571) | (127,382,357) | (143,447,630) |
| Business-type activities | 383,168 | 2,738,219 | (367,276) | (620,888) | (759,876) | 2,102,432 | (2,012,742) | (417,783) | 1,766,497 | 83,239 |
| Total primary government net expense | \$ (99,374,360) | (70,854,427) | (81,954,272) | (69,789,510) | (45,893,261) | (65,067,498) | (83,511,409) | (134,470,354) | (125,615,860) | (143,364,391) |

MATANUSKA-SUSITNA BOROUGH
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 104,151,614 | 107,145,689 | 104,693,752 | 110,238,571 | 114,243,341 | 116,399,253 | 122,362,726 | 129,146,156 | 135,123,613 | 137,039,299 |
| Excise taxes | 4,901,735 | 4,927,058 | 4,871,649 | 4,913,901 | 7,326,269 | 7,548,977 | 8,286,431 | 8,229,211 | 7,768,567 | 9,418,381 |
| Transient accommodation taxes | 1,285,834 | 957,362 | 1,084,282 | 1,099,803 | 1,113,368 | 1,117,249 | 1,205,702 | 1,206,741 | 1,268,575 | 1,428,373 |
| Grants and entitlements not restricted to a specific purpose | 19,974,453 | 11,269,679 | 9,413,627 | 9,945,813 | 8,132,177 | 11,532,940 | 8,597,526 | 7,082,528 | 6,855,868 | 6,438,852 |
| Investment income | 877,430 | 619,682 | 443,957 | 483,938 | 1,306,079 | 1,043,112 | 366,486 | 1,320,781 | 1,663,174 | 8,598,388 |
| Other | 504,237 | 426,584 | 292,565 | 347,299 | 721,061 | 704,245 | 749,135 | 741,802 | 339,052 | 1,804,695 |
| Extraordinary items | 4,979,518 | - | - | - | (12,319,299) | - | (2,587,548) | - | - | - |
| Transfers | (869,207) | 63,719 | (100,000) | - | - | (1,354,373) | - | 96,487 | (700,000) | (698,980) |
| Special items | - | - | - | - | - | - | - | 3,031,370 | - | - |
| Total governmental activities | 135,805,614 | 125,409,773 | 120,699,832 | 127,029,325 | 120,522,996 | 136,991,403 | 138,980,458 | 150,855,076 | 152,318,849 | 164,029,008 |
| Business-type activities: | | | | | | | | | | |
| Grants and entitlements not restricted to a specific purpose | 56,006 | 84,909 | 111,833 | 149,927 | 132,341 | - | - | - | - | - |
| Investment income | 7,996 | 6,018 | 3,576 | 4,477 | - | - | 574 | 8,879 | 10,233 | 13,708 |
| Other | - | 672 | 4,015 | 1,344 | 460 | 108,775 | - | - | - | 13,500 |
| Extraordinary items | - | (1,375,000) | - | - | (2,598,884) | (3,000,000) | (2,937,431) | - | - | - |
| Transfers | 869,207 | (63,719) | 100,000 | - | - | 1,354,373 | 2,587,548 | (96,487) | 700,000 | 698,980 |
| Total business-type activities | 933,209 | (1,347,120) | 219,424 | 155,748 | (2,466,083) | (1,536,852) | (349,309) | (87,608) | 710,233 | 726,188 |
| Total primary government | \$ 136,738,823 | 124,062,653 | 120,919,256 | 127,185,073 | 118,056,913 | 135,454,551 | 138,631,149 | 150,767,468 | 153,029,082 | 164,755,196 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 36,048,086 | 51,817,127 | 39,112,836 | 57,860,703 | 75,389,611 | 69,821,473 | 57,481,791 | 16,802,505 | 24,936,492 | 20,581,378 |
| Business-type activities | 1,316,377 | 1,391,099 | (147,852) | (465,140) | (3,225,959) | 565,580 | (2,362,051) | (505,391) | 2,476,730 | 809,427 |
| Total primary government | \$ 37,364,463 | 53,208,226 | 38,964,984 | 57,395,563 | 72,163,652 | 70,387,053 | 55,119,740 | 16,297,114 | 27,413,222 | 21,390,805 |

MATANUSKA-SUSITNA BOROUGH
 Program Revenues by Function/Program
 Last Ten Fiscal Years
 (accrual basis of accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|----------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|
| Function/Program | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 459,992 | 989,981 | 1,427,941 | 1,835,073 | 1,824,014 | 1,531,324 | 1,304,323 | 2,352,097 | 1,442,771 | 752,207 |
| Public works | 1,207,832 | 1,672,553 | 7,871,216 | 10,130,146 | 5,234,620 | 31,935,911 | 35,498,579 | 2,756,713 | 361,018 | 147,422 |
| Emergency services | 4,984,630 | 6,367,187 | 5,359,587 | 4,996,193 | 6,989,455 | 10,487,098 | 8,896,045 | 9,349,662 | 11,587,522 | 7,362,942 |
| Public services | 15,758,097 | 25,187,846 | 21,172,198 | 29,754,735 | 67,048,190 | 42,025,535 | 21,050,237 | 17,417,743 | 7,396,183 | 7,576,183 |
| Education | 409,274 | 17,143,694 | 17,222,086 | 25,383,518 | 33,208,235 | 23,690,860 | 24,468,164 | 15,465,184 | 23,274,888 | 20,224,324 |
| Subtotal governmental activities | <u>22,819,825</u> | <u>51,361,261</u> | <u>53,053,028</u> | <u>72,099,665</u> | <u>114,304,514</u> | <u>109,670,728</u> | <u>91,217,348</u> | <u>47,341,399</u> | <u>44,062,382</u> | <u>36,063,078</u> |
| Business-type activities: | | | | | | | | | | |
| Solid waste | 4,925,464 | 4,721,503 | 4,442,028 | 5,753,223 | 6,554,145 | 7,292,457 | 8,658,408 | 9,062,356 | 8,963,938 | 9,484,183 |
| Port | 2,191,382 | 4,389,838 | 1,850,938 | 1,876,498 | 788,678 | 2,969,549 | 2,848,880 | 956,819 | 3,133,026 | 733,547 |
| Subtotal business-type activities | <u>7,116,846</u> | <u>9,111,341</u> | <u>6,292,966</u> | <u>7,629,721</u> | <u>7,342,823</u> | <u>10,262,006</u> | <u>11,507,288</u> | <u>10,019,175</u> | <u>12,096,964</u> | <u>10,217,730</u> |
| Total primary government | <u>\$ 29,936,671</u> | <u>60,472,602</u> | <u>59,345,994</u> | <u>79,729,386</u> | <u>121,647,337</u> | <u>119,932,734</u> | <u>102,724,636</u> | <u>57,360,574</u> | <u>56,159,346</u> | <u>46,280,808</u> |

MATANUSKA-SUSITNA BOROUGH
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010 | 2011* | 2012* | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 370,359 | | | | | | | | | |
| Unreserved | 56,569,091 | | | | | | | | | |
| Nonspendable | | \$ 609,888 | 754,433 | 535,315 | 797,507 | 1,358,788 | 2,090,291 | 1,236,917 | 1,270,027 | 1,348,074 |
| Restricted | | - | - | - | - | - | - | - | - | 78,660 |
| Committed | | 35,963,397 | 30,555,043 | 32,922,316 | 31,293,075 | 31,536,947 | 29,011,538 | 33,069,306 | 33,069,306 | 28,507,217 |
| Assigned | | 13,255,252 | 10,445,811 | 12,703,069 | 13,383,261 | 11,907,107 | 13,562,914 | 4,237,866 | 9,096,692 | 9,377,170 |
| Unassigned | | 15,135,905 | 12,277,156 | 12,418,295 | 14,294,595 | 14,498,345 | 13,856,608 | 14,267,853 | 11,774,008 | 13,469,496 |
| Total general fund | \$ 56,939,450 | 64,964,442 | 54,032,443 | 58,578,995 | 59,768,438 | 59,301,187 | 58,521,351 | 52,811,942 | 55,210,033 | 52,780,617 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 15,664,470 | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 19,986,155 | | | | | | | | | |
| Debt service funds | 340,155 | | | | | | | | | |
| Capital projects funds | 40,156,765 | | | | | | | | | |
| Nonspendable | | 417,866 | 316,604 | 161,997 | 503,533 | 821,311 | 391,023 | 178,196 | 52,734 | 126,473 |
| Restricted | | 1,087,550 | 131,923,349 | 132,496,668 | 124,092,473 | 116,689,273 | 50,892,523 | 42,221,924 | 32,094,872 | 25,372,952 |
| Committed | | 6,881,400 | 6,689,183 | 6,954,633 | 7,024,812 | 7,726,329 | 6,430,783 | 5,831,387 | 4,072,241 | 8,023,248 |
| Assigned | | 100,523,387 | 75,850,146 | 73,504,267 | 78,158,604 | 70,779,374 | 76,828,637 | 112,355,394 | 109,060,659 | 105,013,502 |
| Unassigned (deficit) | | (182,245) | (227,590) | (303,377) | (180,108) | (201,255) | (467,984) | (488,615) | (247,087) | - |
| Total all other governmental funds | \$ 76,147,545 | 108,727,958 | 214,551,692 | 212,814,188 | 209,599,314 | 195,815,032 | 134,074,982 | 160,098,286 | 145,033,419 | 138,536,175 |

Note: *Prior year amounts have not been restated for the implementation of Statement

MATANUSKA-SUSITNA BOROUGH
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | \$ 105,234,713 | 107,616,264 | 103,712,415 | 109,941,885 | 113,979,370 | 116,997,572 | 123,043,080 | 128,589,866 | 135,170,678 | 139,269,777 |
| Transient accommodations | 1,285,834 | 957,362 | 1,084,282 | 1,099,803 | 1,113,369 | 1,117,249 | 1,205,702 | 1,206,741 | 1,268,575 | 1,428,373 |
| Excise | 4,901,735 | 4,723,063 | 5,075,644 | 4,913,901 | 7,326,269 | 7,548,977 | 8,286,431 | 8,171,681 | 7,768,567 | 9,418,381 |
| Intergovernmental | 37,670,530 | 56,442,470 | 56,583,156 | 75,538,593 | 114,234,610 | 117,684,505 | 87,801,977 | 43,513,929 | 40,755,725 | 34,281,846 |
| Charges for services | 5,660,812 | 5,898,919 | 5,411,508 | 6,869,062 | 8,340,514 | 9,055,915 | 11,691,184 | 13,552,651 | 9,829,490 | 9,086,356 |
| Sales Taxes | - | - | - | - | - | - | - | - | - | 1,083,732 |
| Investment income | 773,087 | 542,742 | 389,963 | 573,412 | 876,148 | 996,637 | 364,710 | 1,293,704 | 1,638,923 | - |
| Interest on land sales | 79,502 | 59,575 | 42,442 | 25,332 | 16,009 | 12,060 | 22,164 | 21,701 | 34,897 | 54,373 |
| Other revenues | 562,521 | 457,206 | 548,879 | 393,074 | 743,758 | 1,415,641 | 799,151 | 2,869,207 | 2,046,196 | 1,649,747 |
| Total revenues | 156,168,734 | 176,697,601 | 172,848,289 | 199,355,062 | 246,630,047 | 254,828,556 | 233,214,399 | 199,219,480 | 198,513,051 | 204,845,458 |
| Expenses | | | | | | | | | | |
| General government | 21,300,784 | 19,646,372 | 19,853,424 | 17,009,544 | 20,975,235 | 26,339,550 | 21,834,903 | 23,030,433 | 21,709,185 | 23,645,902 |
| Public works | 3,891,504 | 3,626,363 | 4,177,386 | 4,460,596 | 4,779,986 | 7,024,663 | 6,170,341 | 5,383,039 | 5,591,981 | 4,696,380 |
| Emergency services | 15,474,541 | 16,533,229 | 18,147,836 | 20,431,796 | 18,499,252 | 22,542,115 | 22,199,305 | 26,011,974 | 25,393,942 | 34,210,530 |
| Public services | 18,332,933 | 18,551,909 | 21,755,463 | 24,006,043 | 26,361,372 | 28,220,165 | 26,434,763 | 27,281,620 | 28,886,768 | 31,737,529 |
| Education | 44,451,135 | 48,601,849 | 51,177,721 | 53,532,128 | 55,565,878 | 52,764,262 | 53,773,607 | 60,582,946 | 56,465,348 | 58,554,980 |
| Debt service | | | | | | | | | | |
| Interest | 8,043,372 | 8,261,914 | 9,742,827 | 12,018,693 | 12,675,315 | 20,165,000 | 16,242,549 | 14,313,688 | 15,305,172 | 14,114,141 |
| Principal | 10,800,000 | 11,915,000 | 13,560,000 | 17,645,000 | 18,975,000 | 14,688,308 | 22,564,565 | 23,667,813 | 25,223,286 | 22,340,104 |
| Capital outlay | 33,947,380 | 43,987,644 | 40,718,502 | 76,112,705 | 152,317,206 | 161,810,925 | 130,600,411 | 33,657,132 | 30,364,893 | 30,579,827 |
| Total expenditures | 156,241,649 | 171,124,280 | 179,133,159 | 225,216,505 | 310,149,244 | 333,554,988 | 299,820,444 | 213,928,645 | 208,940,575 | 219,879,393 |
| Excess of revenues over (under) expenditures | (72,915) | 5,573,321 | (6,284,870) | (25,861,443) | (63,519,197) | (78,726,432) | (66,606,045) | (14,709,165) | (10,427,524) | (15,033,935) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Sale of capital assets | - | 12,921 | 10,756 | 50,165 | 34,370 | 26,427 | 76,637 | 17,821 | 62,745 | 34,595 |
| Insurance Recovery | - | - | - | - | - | - | - | - | - | 6,000,000 |
| Transfers in | 35,943,357 | 40,209,920 | 51,837,142 | 54,882,849 | 54,523,841 | 53,740,727 | 56,742,020 | 63,798,013 | 66,956,411 | 84,519,399 |
| Transfers out | (36,008,867) | (40,045,435) | (51,936,582) | (54,882,570) | (54,523,375) | (55,094,747) | (59,329,253) | (65,383,402) | (67,655,659) | (85,217,696) |
| Bond issuance | - | 33,785,000 | 100,480,000 | 24,465,000 | 47,240,000 | 94,105,000 | - | 60,826,426 | - | - |
| Premium on bond issuance | - | 1,069,678 | 10,691,728 | 4,155,047 | 5,302,804 | 12,793,446 | - | - | - | - |
| COP Issuance | - | - | - | - | 8,585,000 | - | - | 14,297,344 | - | - |
| Note Issuance | - | - | - | - | - | - | 6,596,755 | 818,245 | - | - |
| Loan Issuance | - | - | - | - | - | - | - | - | - | 770,977 |
| Premium on COP Issuance | - | - | - | - | 331,126 | - | - | - | - | - |
| Payment to refunded debt escrow agent | - | - | (9,906,439) | - | - | (41,095,954) | - | (39,351,386) | - | - |
| Total other financing sources (uses) | (65,510) | 35,032,084 | 101,176,605 | 28,670,491 | 61,493,766 | 64,474,899 | 4,086,159 | 35,023,061 | (636,503) | 6,107,275 |
| Extraordinary items | 4,979,518 | - | - | - | - | - | - | - | - | - |
| Net change in fund balances | \$ 4,841,093 | 40,605,405 | 94,891,735 | 2,809,048 | (2,025,431) | (14,251,533) | (62,519,886) | 20,313,896 | (11,064,027) | (8,926,660) |
| Debt service as a percentage of noncapital expenditures | | | | | | | | | | |
| | 11.90% | 12.07% | 12.24% | 14.54% | 14.90% | 15.36% | 16.98% | 15.46% | 22.70% | 19.26% |
| Debt Service | 18,843,372 | 20,176,914 | 23,302,827 | 29,663,693 | 31,650,315 | 34,853,308 | 38,807,114 | 37,981,501 | 40,528,458 | 36,454,245 |
| Non-capital outlay | 158,303,136 | 167,182,071 | 190,351,239 | 203,986,370 | 212,355,413 | 226,838,810 | 228,549,286 | 245,654,915 | 178,575,682 | 189,300,778 |

MATANUSKA-SUSITNA BOROUGH
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | (1) Real Property | (1) Personal Property | (1) Less: Tax-Exempt Property | Total Taxable Assessed Value | (1) Total Direct Tax Rate | (2) Estimated Actual Value | Total Taxable Assessed Value as a Percentage of Total Estimated Actual Value |
|----------------|----------------------|-----------------------------|--|---------------------------------|------------------------------------|----------------------------------|---|
| 2010 | \$ 9,289,426,297 | \$ 70,605,851 | \$ 1,288,187,547 | \$ 8,071,844,601 | 9.980 % | \$ 8,929,096,710 | 90.40 % |
| 2011 | 9,538,236,712 | 70,594,984 | 1,399,139,093 | 8,209,692,603 | 9.956 | 9,103,817,690 | 90.18 |
| 2012 | 9,844,733,062 | 71,482,452 | 1,532,187,448 | 8,384,028,066 | 10.051 | 9,063,680,270 | 92.50 |
| 2013 | 10,083,251,287 | 50,340,319 | 1,600,527,289 | 8,533,064,317 | 9.691 | 9,568,003,300 | 89.18 |
| 2014 | 10,350,396,337 | 63,442,515 | 1,711,599,833 | 8,702,239,019 | 9.852 | 10,064,353,720 | 86.47 |
| 2015 | 10,700,459,143 | 52,590,547 | 1,748,972,499 | 9,004,077,191 | 9.662 | 10,268,301,740 | 87.69 |
| 2016 | 11,241,555,014 | 55,738,480 | 2,031,032,480 | 9,266,261,014 | 9.984 | 10,985,826,830 | 84.35 |
| 2017 | 11,827,850,040 | 57,210,951 | 2,149,070,847 | 9,735,990,144 | 9.984 | 11,715,012,530 | 83.11 |
| 2018 | 12,143,847,289 | 55,474,108 | 2,189,734,774 | 10,009,586,623 | 10.332 | 11,715,012,530 | 85.44 |
| 2019 | 12,607,655,917 | 56,166,810 | 2,276,424,441 | 10,387,398,286 | 10.331 | 12,038,657,130 | 86.28 |

Sources:

(1) Matanuska-Susitna Borough Finance Department, Division of Assessments.

(2) Applicable year's "Alaska Taxable, Municipal Taxation - Rates and Policies, Full Value Determination, Population and G.O. Bonded Debt" provided annually by the State of Alaska, Department of Commerce, Community, and Economic Development, Office of the State Assessor.

Note: Property in the Matanuska-Susitna Borough is reassessed annually at the property's true and full value as of January 1 of the tax year per MSB Code 3.15.060 (A). Tax rates are per \$1,000 of assessed value.

MATANUSKA-SUSITNA BOROUGH
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(mill levy rate per \$1,000 of assessed value)

| Fiscal Year | Borough Direct Rate | Overlapping Rates | | | | | | | |
|-------------|------------------------|-----------------------------|-------------------|--------------------|--------------------|------|------|------|------|
| | Areawide Borough | Non- areawide Borough | City of Palmer | City of Wasilla | City of Houston | 2 | 4 | 7 | 8 |
| 2010 | 9.980 | 0.429 | 3.00 | - | 3.00 | 2.77 | 3.55 | 1.21 | 8.51 |
| 2011 | 9.956 | 0.394 | 3.00 | - | 3.00 | 2.94 | 3.71 | 1.32 | 8.51 |
| 2012 | 10.051 | 0.425 | 3.00 | - | 3.00 | 2.94 | 3.96 | 1.32 | 8.22 |
| 2013 | 9.691 | 0.489 | 3.00 | - | 3.00 | 3.05 | 4.06 | 1.39 | 4.00 |
| 2014 | 9.852 | 0.520 | 3.00 | - | 3.00 | 3.05 | 4.41 | 1.39 | 4.00 |
| 2015 | 9.662 | 0.520 | 3.00 | - | 3.00 | 3.24 | 4.59 | 1.39 | - |
| 2016 | 9.984 | 0.517 | 3.00 | - | 3.00 | 3.43 | 4.82 | 1.07 | - |
| 2017 | 9.984 | 0.525 | 3.00 | - | 3.00 | 3.43 | 4.59 | 0.91 | - |
| 2018 | 10.332 | 0.548 | 3.00 | - | 3.00 | 3.43 | 4.59 | 0.91 | - |
| 2019 | 10.331 | 0.548 | 3.00 | - | 3.00 | 3.43 | 4.59 | 9.10 | - |

| Fiscal Year | Overlapping Rates | | | | | | | | |
|-------------|-------------------|------|------|------|------|------|------|------|------|
| | 9 | 14 | 15 | 16 | 17 | 19 | 20 | 21 | 23 |
| 2010 | 2.18 | 1.51 | 4.11 | 1.78 | 2.75 | 2.46 | 3.17 | 2.57 | 3.82 |
| 2011 | 2.41 | 1.66 | 4.11 | 1.50 | 2.75 | 2.62 | 3.39 | 2.57 | 4.01 |
| 2012 | 2.58 | 1.66 | 4.11 | 1.50 | 2.75 | 2.51 | 3.62 | 2.57 | 4.29 |
| 2013 | 2.78 | 1.77 | 4.10 | 1.50 | 2.92 | 2.51 | 3.86 | 2.57 | 4.59 |
| 2014 | 2.78 | 1.77 | 4.10 | 1.50 | 2.92 | 2.51 | 3.86 | 2.57 | 4.59 |
| 2015 | 2.78 | 1.77 | 4.10 | 1.50 | 2.92 | 2.51 | 3.50 | 2.57 | 4.59 |
| 2016 | 2.78 | 1.85 | 4.10 | 1.50 | 2.92 | 2.51 | 3.50 | 2.57 | 4.59 |
| 2017 | 2.78 | 1.85 | 4.10 | 1.50 | 2.92 | 2.51 | 3.50 | 2.57 | 4.59 |
| 2018 | 2.78 | 1.85 | 4.10 | 1.50 | 2.92 | 2.50 | 3.50 | 2.57 | 4.59 |
| 2019 | 2.78 | 1.85 | 4.10 | 1.50 | 2.92 | 2.51 | 3.50 | 2.57 | 4.59 |

Source: Matanuska-Susitna Borough Finance Department, Division of Assessments.

Notes: The Borough Direct Rate represents a single component which is the Areawide Mill Levy Rate. Also, Fire Service Areas (FSA), Road Service Areas (RSA), and Service Areas (SA) are identified by service area numbers.

MATANUSKA-SUSITNA BOROUGH
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(mill levy rate per \$1,000 of assessed value)

Overlapping Rates

| Fiscal Year | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
|----------------|------|------|------|------|------|------|------|------|
| 2010 | 1.73 | 1.46 | 2.86 | 3.24 | 2.25 | 2.73 | 3.74 | 3.35 |
| 2011 | 1.84 | 1.53 | 3.04 | 3.24 | 2.00 | 2.73 | 3.74 | 3.35 |
| 2012 | 1.84 | 1.61 | 3.23 | 3.24 | 2.00 | 2.73 | 3.97 | 3.68 |
| 2013 | 1.95 | 1.73 | 3.45 | 3.48 | 2.00 | 2.89 | 4.41 | 3.68 |
| 2014 | 1.95 | 1.73 | 3.45 | 3.48 | 2.00 | 2.89 | 4.41 | 3.68 |
| 2015 | 2.04 | 1.73 | 3.45 | 3.48 | 2.00 | 2.89 | 4.41 | 3.68 |
| 2016 | 2.04 | 1.73 | 3.45 | 3.48 | 2.00 | 3.01 | 4.41 | 3.68 |
| 2017 | 2.04 | 1.73 | 3.45 | 3.48 | 1.99 | 3.01 | 4.41 | 3.68 |
| 2018 | 2.04 | 1.73 | 3.45 | 3.48 | 1.99 | 3.12 | 4.41 | 3.68 |
| 2019 | 2.04 | 1.73 | 3.45 | 3.48 | 1.99 | 3.12 | 4.41 | 3.68 |

Overlapping Rates

| Fiscal Year | 35 | 69 | 130 | 131 | 132 | 135 | 136 |
|----------------|------|------|------|------|------|------|------|
| 2010 | 1.14 | 6.61 | 1.72 | 3.51 | 0.80 | 3.00 | 1.49 |
| 2011 | 1.21 | 7.33 | 1.83 | 3.47 | 0.84 | 3.00 | 1.56 |
| 2012 | 1.29 | 8.21 | 1.92 | 3.68 | 0.88 | 3.00 | 1.56 |
| 2013 | 1.37 | 9.12 | 1.97 | 4.13 | 0.88 | 2.96 | 1.67 |
| 2014 | 1.46 | 9.12 | 1.99 | 3.24 | 0.90 | 2.96 | 1.67 |
| 2015 | 1.34 | 9.12 | 1.99 | 3.24 | 0.90 | 2.96 | 1.78 |
| 2016 | 2.75 | 9.12 | 1.99 | 3.24 | 0.94 | 3.21 | 1.88 |
| 2017 | 2.75 | 9.40 | 2.15 | 3.24 | 0.96 | 3.21 | 2.20 |
| 2018 | 2.75 | 9.40 | 2.15 | 3.24 | 0.96 | 3.21 | 2.20 |
| 2019 | 2.75 | 9.40 | 2.15 | 3.24 | 0.96 | 3.21 | 2.20 |

MATANUSKA-SUSITNA BOROUGH
Principal Property Taxpayers,
Current Year and Nine Years Ago

| Taxpayer | 2019 | | | 2010 | | |
|---|----------------------------|------|--|----------------------------|------|--|
| | Taxable Assessed Valuation | Rank | Percentage of Borough's Taxable Assessed Valuation | Taxable Assessed Valuation | Rank | Percentage of Borough's Taxable Assessed Valuation |
| Mat-Su Valley Medical Center | \$ 103,141,900 | 1 | 1.03 % | \$ 109,016,392 | 1 | 1.33 % |
| Enstar Natural Gas | 62,990,900 | 2 | 0.63 | 42,678,400 | 2 | 0.52 |
| Fred Meyer Stores, Inc. | 48,424,400 | 3 | 0.48 | 40,268,360 | 3 | 0.49 |
| Alaska Hotel Properties, Inc. | 41,266,600 | 4 | 0.41 | 38,483,000 | 4 | 0.47 |
| Wal-Mart Stores, Inc. | 19,575,700 | 5 | 0.20 | 30,267,140 | 6 | 0.37 |
| Cook Inlet Region, Inc. | 26,201,700 | 6 | 0.26 | 21,042,100 | 10 | 0.26 |
| GCI Cable/Alaska Wireless | 26,178,800 | 7 | 0.26 | 24,806,000 | 8 | 0.30 |
| Global Finance & Investments S.A./Gary Lundgren | 24,862,500 | 8 | 0.25 | 25,943,900 | 7 | 0.32 |
| DBC, LLC/Target | 18,456,400 | 9 | 0.18 | 36,966,703 | 5 | 0.45 |
| Schweiger, John Loving | 16,993,500 | 10 | 0.17 | - | | |
| Legacy, LLC | - | | - | - | | |
| Alaska Pipeline Co. | - | | - | 22,350,300 | 9 | 0.27 |
| Lowe's HIW Inc. | - | | - | - | | |
| Total | \$ 388,092,400 | | 3.87 % | \$ 391,822,295 | | 4.78 % |

Source: Matanuska-Susitna Borough Finance Department, Division of Assessments

Note: Includes real and personal property.

MATANUSKA-SUSITNA BOROUGH
Property Tax Levies and Collections
Last Ten Fiscal Years

| Fiscal Year | Tax Levy | Unfunded Senior Citizens and Disabled Veterans Levy | Net Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------|---|----------------|--|------------------------|---------------------------------|---------------------------|------------------------|
| | | | | Amount | Percentage of Net Levy | | Amount | Percentage of Net Levy |
| 2010 | \$ 108,123,032 | \$ 7,386,682 | \$ 100,736,350 | \$ 97,109,667 | 96.40 % | \$ 3,524,652 | \$ 100,634,319 | 99.90 % |
| 2011 | 110,203,515 | 7,743,976 | 102,459,539 | 98,954,998 | 96.58 | 3,339,545 | 102,294,543 | 99.84 |
| 2012 | 114,442,314 | 8,325,740 | 106,116,574 | 101,881,857 | 96.01 | 3,948,981 | 105,830,838 | 99.73 |
| 2013 | 114,904,572 | 8,834,593 | 106,069,979 | 102,321,617 | 96.47 | 3,360,490 | 105,682,107 | 99.63 |
| 2014 | 118,906,810 | 8,920,224 | 109,986,586 | 106,109,708 | 96.48 | 3,300,814 | 109,410,522 | 99.48 |
| 2015 | 121,650,445 | 9,906,339 | 111,744,106 | 108,285,996 | 96.91 | 2,672,639 | 110,958,635 | 99.30 |
| 2016 | 130,590,976 | 11,295,573 | 119,295,403 | 116,527,024 | 97.68 | 1,793,793 | 118,320,817 | 99.18 |
| 2017 | 138,589,875 | 12,166,401 | 126,423,474 | 122,648,889 | 97.01 | 1,940,330 | 124,589,219 | 98.55 |
| 2018 | 144,622,503 | 13,588,979 | 131,033,524 | 126,903,605 | 96.85 | 1,682,619 | 128,586,224 | 98.13 |
| 2019 | 152,062,345 | 14,943,337 | 137,119,008 | 133,194,431 | 97.14 | - | 133,194,431 | 97.14 |

Sources: Matanuska-Susitna Borough Finance Department, Division of Assessments and Revenue and Budget Division.

MATANUSKA-SUSITNA BOROUGH
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income* | Per Capita* |
|-------------|--------------------------|-------------------------------|-------------------------|--------------------------|----------------|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------------|-------------|
| | General Obligation Bonds | Certificates of Participation | Notes and Loans Payable | Unamortized bond premium | Capital Leases | General Obligation Bonds | Notes and Loans Payable | Unamortized bond premium | | | |
| 2010 | \$ 161,695,000 | \$ 7,775,000 | \$ 282,993 | \$ 5,363,354 | \$ - | \$ 7,630,000 | \$ 3,951,150 | \$ 132,948 | \$ 186,830,445 | 5.49 % | 2,216 |
| 2011 | 184,240,000 | 7,100,000 | 359,063 | 5,812,872 | - | 7,220,000 | 4,606,769 | 123,452 | 209,462,156 | 5.74 | 2,354 |
| 2012 | 262,845,000 | 6,390,000 | 347,777 | 15,848,933 | - | 6,665,000 | 4,561,767 | 684,094 | 297,342,571 | 7.72 | 3,243 |
| 2013 | 270,410,000 | 5,645,000 | 329,698 | 18,592,433 | - | 6,200,000 | 4,434,462 | 625,457 | 306,237,050 | 7.29 | 3,194 |
| 2014 | 299,455,000 | 13,450,000 | 311,347 | 22,851,440 | - | 5,735,000 | 4,346,366 | 566,821 | 346,715,974 | 7.75 | 3,534 |
| 2015 | 335,920,000 | 12,195,000 | 292,721 | 33,411,389 | - | 5,250,000 | 4,395,179 | 508,184 | 391,972,473 | 8.26 | 3,878 |
| 2016 | 314,755,000 | 10,885,000 | 6,781,005 | 30,910,711 | - | 4,750,000 | 6,147,994 | 449,547 | 374,679,257 | 8.08 | 3,597 |
| 2017 | 313,680,000 | 20,585,000 | 7,490,499 | 36,422,155 | - | 4,230,000 | 5,956,722 | 390,911 | 388,755,287 | 8.14 | 3,649 |
| 2018 | 290,020,000 | 19,130,000 | 7,248,163 | 33,744,998 | - | 3,690,000 | 6,857,169 | 332,274 | 361,022,604 | 7.87 | 3,355 |
| 2019 | 269,440,000 | 17,610,000 | 7,759,268 | 31,129,886 | - | 3,125,000 | 10,572,460 | 273,637 | 339,910,251 | N/A | - |

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements. *See Schedule 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

MATANUSKA-SUSITNA BOROUGH
Ratios of Net General Bonded Debt Outstanding,
Last Ten Fiscal Years

| <u>Net General Bonded Debt Outstanding</u> | | | | | |
|--|---|--|----------------|--|-------------------------|
| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Debt Service Monies Available</u> | <u>Total</u> | <u>Percentage of Total Taxable Assessed Value of Property*</u> | <u>Per Capita**</u> |
| 2010 | \$ 174,821,302 | \$ 291,195 | \$ 174,530,107 | 2.16 % | 2,070 |
| 2011 | 197,396,324 | 1,016,788 | 196,379,536 | 2.39 | 2,207 |
| 2012 | 286,043,027 | 1,038,091 | 285,004,936 | 3.40 | 3,108 |
| 2013 | 295,827,890 | 1,041,305 | 294,786,585 | 3.45 | 3,075 |
| 2014 | 328,608,261 | 1,106,592 | 327,501,669 | 3.76 | 3,338 |
| 2015 | 375,089,573 | 1,100,905 | 373,988,668 | 4.15 | 3,700 |
| 2016 | 350,865,258 | 957,077 | 349,908,181 | 3.78 | 3,359 |
| 2017 | 354,723,066 | 4,789,381 | 349,933,685 | 3.59 | 3,285 |
| 2018 | 327,787,272 | 4,893,305 | 322,893,967 | 3.23 | 3,001 |
| 2019 | 303,968,523 | 6,017,111 | 297,951,412 | 2.87 | 2,818 |

Notes: Details regarding the Borough's outstanding debt can be found in the notes to the financial statements.

*See Schedule 6 for property value data.

**See Schedule 15 for personal income and population data.

MATANUSKA-SUSITNA BOROUGH
Direct and Overlapping Debt
As of June 30, 2019

| Governmental Activities | Debt Outstanding | Percentage Applicable to the Governmental Unit | Share of Direct and Overlapping Debt |
|---|-----------------------|--|---|
| Education Debt | \$ 224,575,000 | 100% | \$ 224,575,000 |
| Certificates of Participations-Public Safety Building | 15,680,000 | 100% | 15,680,000 |
| Certificates of Participations-Animal Care Facility | 1,930,000 | 100% | 1,930,000 |
| Notes Payable-Ak Clean Water Fund Loans | 986,361 | 100% | 986,361 |
| Notes Payable-USDA | 6,616,267 | 100% | 6,616,267 |
| Notes Payable-University of Alaska | 156,640 | 100% | 156,640 |
| Parks and Recreation | 20,400,000 | 100% | 20,400,000 |
| Transportation | 24,465,000 | 100% | 24,465,000 |
| | <u>294,809,268</u> | | <u>294,809,268</u> |
| Unamortized bond premiums | 31,129,886 | 100% | 31,129,886 |
| Total | \$ <u>325,939,154</u> | | \$ <u>325,939,154</u> |
| Cities Within the Borough, (Palmer and Wasilla) General Obligation Bonds as of June 30, 2019 | | | |
| Palmer Ice Rink | \$ <u>555,000</u> | 100% | <u>555,000</u> |
| Total | \$ <u>555,000</u> | | \$ <u>555,000</u> |
| Net Direct and Overlapping Debt | | | \$ <u>326,494,154</u> |

Note 1: The laws of the State of Alaska do not establish a debt limit.

MATANUSKA-SUSITNA BOROUGH
General Obligation Debt
As of June 30, 2019

| | |
|--|--------------------|
| Total Direct Debt | \$ 325,939,154 |
| Total Overlapping Debt | 555,000 |
| Total Direct and Overlapping Debt | <u>326,494,154</u> |
| | |
| FY2019 Certified Taxable Assessed Value | \$ 10,387,398,286 |
| FY2019 Estimated Borough Population* | 105,743 |
| | |
| Ratio of: | |
| Direct Debt to FY2019 Certified Taxable Assessed Value | 3.14% |
| Direct and Overlapping Debt to FY2019 Certified Taxable Assessed Value | 3.14% |
| | |
| Per Capita: | |
| FY2019 Certified Taxable Assessed Value | \$ 98,232 |
| Direct Debt | 3,082 |
| Direct and Overlapping Debt | 3,088 |
| | |
| Debt Amortization: | |
| Within 5 years | 37% |
| Within 10 years | 71% |

Source -

*Alaska Department of Labor, Research and Analysis Division

MATANUSKA-SUSITNA BOROUGH
Legal Debt Margin Information
Last Ten Fiscal Years

| Legal Debt Margin Calculation for Fiscal Year 2019 | |
|--|-----------------------|
| Total taxable assessed value | \$ 10,387,398,286 |
| Debt Limit (7% of total taxable assessed value) | 727,117,880 |
| Total debt applicable to limit | <u>272,565,000</u> |
| Legal debt margin | <u>\$ 454,552,880</u> |

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>* 2015</u> | <u>* 2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 565,029,122 | \$ 574,678,482 | \$ 586,881,965 | \$ 597,314,502 | \$ 625,791,775 | \$ 630,285,403 | \$ 648,638,271 | \$ 681,519,310 | \$ 700,671,064 | \$ 727,117,880 |
| Total debt applicable to limit | <u>169,325,000</u> | <u>191,460,000</u> | <u>269,510,000</u> | <u>295,827,890</u> | <u>299,455,000</u> | <u>335,920,000</u> | <u>319,505,000</u> | <u>317,910,000</u> | <u>293,710,000</u> | <u>272,565,000</u> |
| Legal debt margin | <u>\$ 395,704,122</u> | <u>\$ 383,218,482</u> | <u>\$ 317,371,965</u> | <u>\$ 301,486,612</u> | <u>\$ 326,336,775</u> | <u>\$ 294,365,403</u> | <u>\$ 329,133,271</u> | <u>\$ 363,609,310</u> | <u>\$ 406,961,064</u> | <u>\$ 454,552,880</u> |
| Total debt applicable to the as a percentage of debt limit | 30% | 33% | 46% | 50% | 48% | 53% | 49% | 47% | 42% | 37% |

Notes: There is no legal debt margin for municipalities in the State of Alaska. In 1983, the Matanuska-Susitna Borough Assembly adopted an ordinance limiting outstanding general obligation debt to 7% of the borough's total taxable assessed value.

*2014 and 2015 are restated

MATANUSKA-SUSITNA BOROUGH
School Construction General Obligation Bonds
As of June 30, 2019

Outstanding School Bonds and SOA Reimbursement Eligibility

| <u>Bond Issue</u> | <u>Total Bond Issue</u> | <u>Outstanding Balance</u> | <u>Final Maturity</u> | <u>Reimbursement Eligibility</u> |
|-------------------|-------------------------|--------------------------------|-----------------------|--------------------------------------|
| 2007 Series A | \$ 33,505,000 | \$ 18,015,000 | 4/1/2025 | 64.0076% |
| 2009 Series A | 19,030,000 | 870,000 | 1/1/2030 | 70.0000% |
| 2011 Series A | 33,785,000 | 3,040,000 | 4/1/2031 | 70.0000% |
| 2012 Series A | 91,770,000 | 67,170,000 | 3/1/2032 | 70.0000% |
| 2012 Series B | 8,710,000 | 1,620,000 | 3/1/2024 | 63.3500% |
| 2013 Series A | 13,290,000 | 10,365,000 | 3/1/2033 | 70.0000% |
| 2014 Series B | 29,400,000 | 24,715,000 | 5/1/2024 | 70.0000% |
| 2015 Series A | 37,350,000 | 19,010,000 | 2/1/2026 | 66.5629% |
| 2015 Series B | 55,195,000 | 48,080,000 | 11/1/2034 | 70.0000% |
| 2016 Series A | 31,690,000 | 31,690,000 | 6/30/2031 | 70.0000% |

MATANUSKA-SUSITNA BOROUGH
Demographic and Economic Statistics
Last Ten Fiscal Years

| Fiscal Year | (1) Population | (2) Personal Income <i>(thousands of dollars)</i> | Per Capita Income | (3) School Enrollment | (4) Unemployment Rate |
|----------------|-------------------|--|-------------------------|-----------------------------|-----------------------------|
| 2010 | 84,314 | \$ 3,403,299 | \$ 40,365 | 16,653 | 9.6 % |
| 2011 | 88,995 | 3,649,774 | 41,011 | 16,962 | 8.9 |
| 2012 | 91,697 | 3,852,961 | 42,018 | 17,338 | 8.6 |
| 2013 | 95,877 | 4,201,678 | 43,824 | 17,247 | 7.3 |
| 2014 | 98,104 | 4,474,367 | 45,608 | 17,500 | 7.2 |
| 2015 | 101,068 | 4,743,687 | 46,936 | 17,757 | 8.6 |
| 2016 | 104,157 | 4,637,103 | 44,520 | 18,745 | 8.1 |
| 2017 | 106,532 | 4,772,994 | 44,803 | 18,935 | 8.2 |
| 2018 | 107,610 | 4,938,943 | 45,897 | 19,369 | 7.2 |
| 2019 | 105,743 | N/A | N/A | 19,101 | 6.5 |

N/A - Not available

Sources:

- (1) Alaska Department of Labor, Research and Analysis Division
- (2) United States Department of Commerce, Bureau of Economic Analysis
- (3) Matanuska-Susitna Borough School District
- (4) Alaska Department of Labor, Research and Analysis Division

MATANUSKA-SUSITNA BOROUGH
Total Employment by Type of Employer
Current Year and Nine Years Ago

| Employer Type | 2019 | | 2010 | |
|--------------------------------------|---------------|------|---------------|------|
| | Employees | Rank | Employees | Rank |
| Trade, Transportation, and Utilities | 4,804 | 1 | 4,511 | 1 |
| Educational and Health Services | 4,601 | 2 | 3,574 | 2 |
| Local Government | 3,363 | 3 | 2,828 | 3 |
| Leisure and Hospitality | 2,952 | 4 | 2,341 | 4 |
| Construction | 2,218 | 5 | 1,531 | 5 |
| State Government | 1,425 | 6 | 1,166 | 6 |
| Professional and Business Services | 1,291 | 7 | 1,094 | 7 |
| Other Services | 905 | 8 | 730 | 9 |
| Financial Activities | 853 | 9 | 740 | 8 |
| Information | 528 | 10 | 621 | 10 |
| Manufacturing | 296 | 11 | 207 | 12 |
| Federal Government | 220 | 12 | 273 | 11 |
| Natural Resources and Mining | 190 | 13 | 160 | 13 |
| Unclassified Employers | 4 | 14 | 67 | 14 |
| Total | 23,650 | | 19,843 | |

Source: Alaska Department of Labor, Research and Analysis

Note: Beginning in 2012, according to the Alaska Department of Labor, their non-disclosure rules no longer allow them to provide employment information that relates to or identifies employers for the current or previous years. Therefore, we are providing total employment by type of employer for the current year and nine years ago. Figures are based on an annual average.

MATANUSKA-SUSITNA BOROUGH
Full-time-Equivalent Borough Government Employees by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General government | 132.500 | 136.280 | 148.550 | 149.700 | 145.590 | 141.000 | 141.850 | 141.900 | 142.900 | 155.800 |
| Public works | 52.000 | 51.000 | 54.000 | 54.000 | 54.010 | 63.000 | 66.010 | 66.000 | 66.000 | 62.000 |
| Emergency services | 49.750 | 50.650 | 45.000 | 49.850 | 51.850 | 62.850 | 71.850 | 71.500 | 71.750 | 72.690 |
| Public services | 41.690 | 36.590 | 36.690 | 36.940 | 37.290 | 36.090 | 34.490 | 32.990 | 33.040 | 32.190 |
| Total | <u>275.940</u> | <u>274.520</u> | <u>284.240</u> | <u>290.490</u> | <u>288.740</u> | <u>302.940</u> | <u>314.200</u> | <u>312.390</u> | <u>313.690</u> | <u>322.680</u> |

Source: Matanuska-Susitna Borough Finance Department, Revenue and Budget Division.

MATANUSKA-SUSITNA BOROUGH
Operating Indicators by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| General government | | | | | | | | | | |
| Planning | | | | | | | | | | |
| Comprehensive and special land use district plans in process | 11 | 4 | 4 | 4 | 3 | 3 | 2 | 1 | 1 | 1 |
| Finance | | | | | | | | | | |
| Number of purchasing solicitations processed | 150 | 158 | 202 | 156 | 168 | 163 | 138 | 134 | 148 | 133 |
| Number of vendor/employee payments processed | 26,493 | 27,387 | 27,665 | 27,386 | 27,474 | 27,824 | 28,708 | 28,575 | 26,515 | 25,580 |
| Collections of delinquent land lease accounts (in dollars) | 87,263 | 156,842 | 100,463 | 114,934 | 61,108 | 82,719 | 73,410 | 80,473 | 61,726 | 94,942 |
| Real property assessments | 74,990 | 75,321 | 75,540 | 75,913 | 76,283 | 76,744 | 77,334 | 77,670 | 77,670 | 78,038 |
| Property sales analyzed for assessment purposes | 2,453 | 1,503 | 1,560 | 1,628 | 3,413 | 4,560 | 4,766 | 4,709 | 4,709 | 4,974 |
| Code Compliance | | | | | | | | | | |
| Code violation complaints received | 265 | 578 | 237 | 246 | 373 | 339 | 330 | 314 | 439 | 270 |
| Public works | | | | | | | | | | |
| Road maintenance (monthly average) | | | | | | | | | | |
| Citizen requests for repairs requiring action | 141 | 158 | 333 | 285 | 225 | 148 | 180 | 217 | 227 | 163 |
| Surveying and right-of-way | | | | | | | | | | |
| Platting actions | 88 | 65 | 77 | 98 | 92 | 130 | 158 | 148 | 185 | 149 |
| Utility permits issued | 275 | 323 | 293 | 335 | 358 | 526 | 481 | 392 | 359 | 418 |
| Driveway permits issued | 291 | 483 | 553 | 615 | 608 | 634 | 716 | 537 | 572 | 582 |
| Construction permits issued | 33 | 23 | 12 | 49 | 55 | 47 | 36 | 32 | 16 | 42 |
| Encroachment permits issued | 36 | 11 | 3 | 19 | 21 | 64 | 32 | 20 | 22 | 13 |
| Solid waste disposal | | | | | | | | | | |
| Loads hauled from transfer sites to Central Landfill | 1,490 | 1,415 | 1,349 | 1,444 | 1,532 | 1,421 | 1,198 | 1,121 | 1,170 | 1,321 |
| Refuse collected through community clean-up efforts (in tons) | 192 | 205 | 63 | 122 | 80 | 181 | 194 | 241 | 115 | 122 |
| Abandoned vehicles removed | 366 | 529 | 130 | 137 | 115 | 48 | 98 | 121 | 108 | 126 |
| Hazardous waste processed (in pounds) | 625,000 | 102,672 | 85,664 | 136,533 | 156,735 | 149,227 | 162,266 | 486,933 | 362,729 | 363,078 |
| Emergency services | | | | | | | | | | |
| Ambulance Runs | | | | | | | | | | |
| Ambulance Runs | 4,894 | 5,380 | 5,971 | 6,314 | 7,972 | 8,272 | 8,268 | 7,904 | 8,210 | 9,217 |
| Animal Shelter | | | | | | | | | | |
| Animals lodged at shelter | 3,494 | 3,994 | 3,786 | 3,219 | 3,159 | 2,581 | 2,822 | 3,164 | N/A | 2,967 |
| Animals adopted to new homes | 1,534 | 1,645 | 1,457 | 1,364 | 1,266 | 1,220 | 1,371 | 1,643 | N/A | 1,782 |
| Animals adopted by local rescue groups | 216 | 402 | 455 | 462 | 420 | 258 | 269 | 151 | N/A | 20 |
| Animals euthanized at shelter | 832 | 1,000 | 675 | 469 | 568 | 393 | 543 | 577 | N/A | 395 |
| Public services | | | | | | | | | | |
| Land and resource management (cumulative unless otherwise noted) | | | | | | | | | | |
| Trails dedicated (in miles) | 2,098 | 2,140 | 2,141 | 2,209 | 2,209 | 2,209 | 2,215 | 2,224 | 2,230 | 2,238 |
| Asset management plans completed for Borough owned land (in acres) | 20,332 | 164,018 | 164,018 | 164,018 | 164,018 | 164,018 | 164,018 | 164,562 | 165,452 | 165,452 |
| Land classifications (in acres) | 208,465 | 352,165 | 361,320 | 361,428 | 361,846 | 362,266 | 362,878 | 364,158 | 365,394 | 366,278 |
| Parcels sold (annually) | 43 | 17 | 9 | 28 | 37 | 43 | 53 | 60 | 47 | 15 |
| Community enrichment and development | | | | | | | | | | |
| Community enrichment class varieties offered | 69 | 79 | 52 | 44 | 35 | 32 | 37 | 34 | 37 | 28 |
| Total contact hours with public | 1,302 | 1,464 | 1,280 | 794 | 673 | 445 | 497 | 838 | 1,159 | 417 |
| Libraries | | | | | | | | | | |
| Participants in summer reading program | 3,820 | 2,865 | 2,552 | 2,982 | 2,693 | 2,095 | 2,465 | 2,662 | 2,339 | 2,608 |
| Participants in pre-school story time | 3,382 | 3,683 | 3,511 | 2,464 | 2,470 | 2,252 | 2,411 | 3,189 | 3,448 | 4,274 |
| Volunteer hours utilized | 2,311 | 3,193 | 2,649 | 3,466 | 1,808 | 1,954 | 1,764 | 1,812 | 1,894 | 1,484 |
| Pools | | | | | | | | | | |
| Participants in swim lesson programs (quarterly average) | 696 | 708 | 650 | 711 | 1,220 | 1,061 | 1,234 | 1,464 | 977 | 598 |

N/A - Not available: Information lost during the Cyber Incident.

Data for the Animal Shelter was not available from July 1, 2018 to July 21, 2018 due to the cyber incident and loss of data.

Source: Various Matanuska-Susitna Borough department's performance measures (some figures are estimates/averages derived from the available information).

Notes: The above indicators should not be construed as the only functions/programs being provided by the Borough as it is only a listing of those functions/programs for which operating indicators have been established and are available for.

MATANUSKA-SUSITNA BOROUGH
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Administration and related buildings | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Public works | | | | | | | | | | |
| Utility trailers | 6 | 6 | 11 | 11 | 11 | 11 | 11 | 12 | 19 | 19 |
| Paving and Heavy Equipment | - | - | - | - | - | - | 5 | 5 | 5 | 5 |
| Paved roads (miles) | 279 | 287 | 291 | 295 | 303 | 308 | 315 | 326 | 335 | 443 |
| Bridges | 23 | 23 | 23 | 23 | 23 | 26 | 27 | 27 | 28 | 28 |
| Public works and related buildings | 1 | 1 | 1 | 3 | 3 | 4 | 4 | 4 | 4 | 4 |
| Emergency services | | | | | | | | | | |
| Ambulances | 28 | 27 | 30 | 30 | 29 | 31 | 31 | 29 | 29 | 25 |
| Fire pumper/tankers | 57 | 61 | 64 | 67 | 68 | 69 | 69 | 79 | 79 | 81 |
| Tractors, forklifts, and related equipment | 6 | 8 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Utility/Rescue trailers | 12 | 14 | 16 | 16 | 17 | 19 | 19 | 22 | 22 | 19 |
| Rescue vehicles | 26 | 29 | 29 | 31 | 31 | 31 | 31 | 31 | 31 | 36 |
| Trucks and utility vehicles | 74 | 75 | 80 | 81 | 81 | 85 | 85 | 83 | 83 | 82 |
| Rescue boats | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 5 | 6 | 6 |
| ATVs and snowmobiles | 23 | 26 | 29 | 29 | 30 | 31 | 31 | 33 | 35 | 36 |
| Public safety and related buildings | 27 | 29 | 30 | 32 | 33 | 36 | 36 | 38 | 38 | 38 |
| Public services | | | | | | | | | | |
| Tractors, forklifts, and related equipment | 17 | 17 | 20 | 23 | 22 | 22 | 23 | 23 | 23 | 24 |
| Utility trailers | 5 | 5 | 5 | 7 | 8 | 9 | 12 | 12 | 10 | 11 |
| Trucks and utility vehicles | 25 | 26 | 29 | 31 | 34 | 30 | 29 | 29 | 21 | 25 |
| ATVs and snowmobiles | 7 | 8 | 8 | 8 | 8 | 11 | 15 | 15 | 12 | 11 |
| Riverboats | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 | 4 |
| Community buildings (libraries, ice arenas, etc.) | 13 | 13 | 13 | 14 | 14 | 14 | 15 | 15 | 15 | 15 |
| Education | | | | | | | | | | |
| Schools and related buildings | 48 | 51 | 52 | 53 | 55 | 56 | 57 | 57 | 57 | 57 |

Source: Matanuska-Susitna Borough capital asset records.

SINGLE AUDIT SECTION



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Matanuska-Susitna Borough as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Matanuska-Susitna Borough's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Matanuska-Susitna Borough's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Matanuska-Susitna Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Matanuska-Susitna Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 23, 2019



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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

Report on Compliance for Each Major Federal Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Matanuska-Susitna Borough's major federal programs for the year ended June 30, 2019. Matanuska-Susitna Borough's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$22,050,321 in federal awards which is not included in Matanuska-Susitna Borough's Schedule of Expenditures of Federal Awards during the year ended June 30, 2019. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Matanuska-Susitna Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Matanuska-Susitna Borough's compliance.

Opinion on Each Major Federal Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Matanuska-Susitna Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 23, 2019



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and
Members of the Assembly
Matanuska-Susitna Borough
Palmer, Alaska

Report on Compliance for Each Major State Program

We have audited Matanuska-Susitna Borough's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Matanuska-Susitna Borough's major state programs for the year ended June 30, 2019. Matanuska-Susitna Borough's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Matanuska-Susitna Borough's basic financial statements include the operations of the Matanuska-Susitna Borough School District which received \$208,608,028 in state awards which is not included in Matanuska-Susitna Borough's Schedule of State Financial Assistance during the year ended June 30, 2019. Our audit, described below, did not include the operations of Matanuska-Susitna Borough School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Matanuska-Susitna Borough's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Matanuska-Susitna Borough's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Matanuska-Susitna Borough's compliance.

Opinion on Each Major State Program

In our opinion, Matanuska-Susitna Borough complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Matanuska-Susitna Borough is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Matanuska-Susitna Borough's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program, and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matanuska-Susitna Borough's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
December 23, 2019

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___yes Xno
Significant deficiency(ies) identified? ___yes X(none reported)

Noncompliance material to financial statements noted? ___yes Xno

Federal Financial Assistance

Internal control over major federal programs:

Material weakness(es) identified? ___yes Xno
Significant deficiency(ies) identified? ___yes X(none reported)

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes Xno

Identification of major federal programs:

| CFDA Number | Name of Federal Program or Cluster | Agency |
|-------------|------------------------------------|----------------------------|
| 15.226 | Payments in Lieu of Taxes | Department of the Interior |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Xyes ___no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified? ___yes Xno
Significant deficiency(ies) identified? ___yes X(none reported)

Type of auditor's report issued on compliance for major state programs: Unmodified

Dollar threshold used to distinguish a major state program: \$ 500,000

Matanuska-Susitna Borough, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended June 30, 2019

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Section IV - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in *the State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

Matanuska-Susitna Borough, Alaska

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019**

Government Auditing Standards Findings

There were no prior year audit findings.

Federal Award Findings and Questioned Costs

There were no prior year audit findings.

State of Alaska Award Findings and Questioned Costs

There were no prior year audit findings.

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OTHER SUPPLEMENTARY INFORMATION

Matanuska-Susitna Borough, Alaska
Department of Health and Social Services
Hospital Preparedness Program (HPP) and Public Health
Emergency Preparedness (PHEP) Aligned Cooperative Agreements
601-299-19002

Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2019

| <i>June 30, 2019</i> | Total Expenditures | Budget | Variance |
|----------------------------|-----------------------|------------------|-------------|
| Revenues - State of Alaska | \$ 40,000 | \$ 40,000 | \$ - |
| Total Revenues | \$ 40,000 | \$ 40,000 | \$ - |

Matanuska-Susitna Borough, Alaska
Department of Health and Social Services
Human Services Community Matching Grants
605-231-19003

Schedule of Revenues and Expenditures - Budget and Actual
Grant Period Ended June 30, 2019

| <i>June 30, 2019</i> | Total Expenditures | Budget | Variance |
|-----------------------------------|-----------------------|------------|----------|
| Revenues | | | |
| State of Alaska | \$ 289,311 | \$ 289,311 | \$ - |
| Matanuska-Susitna Borough | 123,991 | 123,991 | - |
| Total Revenues | 413,302 | 413,302 | - |
| Expenditures - other costs | \$ 413,302 | \$ 413,302 | \$ - |

COMPONENT UNIT

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Statement of Net Position

| <i>June 30, 2019</i> | Governmental Activities |
|---|------------------------------------|
| Assets and Deferred Outflows of Resources | |
| Assets | |
| Cash | \$ 32,539,105 |
| Accounts receivable: | |
| Federal and state grants | 5,834,233 |
| Other | 721,260 |
| Inventory | 1,936,197 |
| Prepaid items | 1,045,805 |
| Net other postemployment benefits assets | 1,061,954 |
| Capital assets not being depreciated | 119,632 |
| Capital assets, net of accumulated depreciation | 18,828,942 |
| Total Assets | 62,087,128 |
| Deferred Outflows of Resources: | |
| Pension related | 17,173,454 |
| Other postemployment benefits related | 13,436,110 |
| Total Deferred Outflows of Resources | 30,609,564 |
| Total Assets and Deferred Outflows of Resources | \$ 92,696,692 |
| Liabilities, Deferred Inflows of Resources and Net Position | |
| Liabilities | |
| Accounts payable | \$ 1,595,146 |
| Accrued payroll and related liabilities | 8,344,658 |
| Unearned revenue | 678,981 |
| Noncurrent liabilities: | |
| Claims payable - due within one year | 1,368,155 |
| Accrued leave - due within one year | 2,529,933 |
| Capital lease and note payable - due within one year | 156,036 |
| Accrued leave - due in more than one year | 1,422,619 |
| Capital lease payable - due in more than one year | 6,460,231 |
| Net pension liability | 157,419,471 |
| Net other postemployment benefits liability | 27,041,832 |
| Total Liabilities | 207,017,062 |
| Deferred Inflows of Resources | |
| Pension related | 4,231,063 |
| Other postemployment benefits related | 10,922,016 |
| Total Deferred Inflows of Resources | 15,153,079 |
| Net Position (Deficit) | |
| Net investment in capital assets | 12,332,307 |
| Restricted for scholarships | 4,289 |
| Restricted for correspondence program | 1,919,998 |
| Unrestricted (deficit) | (143,730,043) |
| Total Net Position (Deficit) | (129,473,449) |
| Total Liabilities, Deferred Inflows of Resources of Resources and Net Position (Deficit) | \$ 92,696,692 |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Statement of Activities

| <i>Year Ended June 30, 2019</i> | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|----------------------------|---|--|
| | | Charges for Services | Operating Grants and Contri- butions | |
| Governmental Activities | | | | |
| Instruction | \$ 99,898,869 | \$ - | \$ 10,378,176 | \$ (89,520,693) |
| Special education instruction | 38,967,635 | - | 4,608,750 | (34,358,885) |
| Special education support services - students | 16,177,323 | - | 2,183,748 | (13,993,575) |
| Support services - students | 8,858,952 | - | 1,537,250 | (7,321,702) |
| Support services - instruction | 13,683,946 | - | 3,783,199 | (9,900,747) |
| School administration | 9,756,751 | - | 1,014,479 | (8,742,272) |
| School administration support services | 9,637,263 | - | 114,321 | (9,522,942) |
| District administration | 1,375,486 | - | 52,534 | (1,322,952) |
| District administration support services | 12,501,533 | - | 1,403,614 | (11,097,919) |
| Operations and maintenance of plant | 24,523,333 | - | 1,312,615 | (23,210,718) |
| Student activities | 3,454,577 | - | 116,592 | (3,337,985) |
| Student transportation - other transportation services | 228,364 | - | 228,364 | - |
| Student transportation - to and from school | 17,516,999 | - | 16,682,784 | (834,215) |
| Community services | 72,538 | - | 81,239 | 8,701 |
| Food services | 6,869,344 | 1,212,213 | 5,644,649 | (12,482) |
| Construction and facilities acquisition | 4,113,477 | - | 223,101 | (3,890,376) |
| Interest on long-term debt | 242,811 | - | - | (242,811) |
| Total Governmental Activities | \$ 267,879,201 | \$ 1,212,213 | \$ 49,365,415 | \$ (217,301,573) |
| General Revenues | | | | |
| Borough contribution | | | | 58,374,918 |
| State grants and entitlements not restricted to a specific purpose | | | | 172,766,647 |
| E-rate | | | | 1,276,298 |
| Medicaid reimbursement | | | | 618,220 |
| Out of district reimbursement | | | | 447,749 |
| Other | | | | 593,267 |
| Total General Revenues | | | | 234,077,099 |
| Change in net position | | | | 16,775,526 |
| Net Position, (deficit) beginning | | | | (146,248,975) |
| Net Position, (deficit) end of year | | | | \$ (129,473,449) |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Governmental Funds
Balance Sheet

| | Major Funds | | | Special Revenue Nonmajor Funds | Total Govern- mental Funds |
|--|----------------------|------------------------|--|---|-------------------------------------|
| | General | Improvement Capital | | | |
| <i>June 30, 2019</i> | | | | | |
| Assets | | | | | |
| Cash | \$ 22,574,761 | \$ 3,151,815 | | \$ 1,541,314 | \$ 27,267,890 |
| Accounts receivable: | | | | | |
| Federal and state grants | - | - | | 5,834,233 | 5,834,233 |
| Other | 716,971 | - | | 4,289 | 721,260 |
| Inventory | 1,269,159 | - | | 667,038 | 1,936,197 |
| Prepaid items | 1,035,499 | - | | - | 1,035,499 |
| Due from other funds | 9,240,080 | - | | - | 9,240,080 |
| Total Assets | \$ 34,836,470 | \$ 3,151,815 | | \$ 8,046,874 | \$ 46,035,159 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 1,151,930 | \$ 138,785 | | \$ 294,130 | \$ 1,584,845 |
| Accrued payroll and related liabilities | 8,344,658 | - | | - | 8,344,658 |
| Unearned revenue | - | - | | 678,555 | 678,555 |
| Due to other funds | - | - | | 5,637,980 | 5,637,980 |
| Total Liabilities | 9,496,588 | 138,785 | | 6,610,665 | 16,246,038 |
| Fund Balances | | | | | |
| Nonspendable | 2,304,658 | - | | 667,038 | 2,971,696 |
| Restricted | 1,919,998 | - | | 4,289 | 1,924,287 |
| Committed | - | 3,013,030 | | - | 3,013,030 |
| Assigned | 500,000 | - | | 764,882 | 1,264,882 |
| Unassigned | 20,615,226 | - | | - | 20,615,226 |
| Total Fund Balances | 25,339,882 | 3,013,030 | | 1,436,209 | 29,789,121 |
| Total Liabilities and Fund Balances | \$ 34,836,470 | \$ 3,151,815 | | \$ 8,046,874 | \$ 46,035,159 |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2019

| | | |
|--|---------------------|--------------------------------|
| Total fund balances of governmental funds | | \$ 29,789,121 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Land | \$ 119,632 | |
| Building, furnishings and equipment | 36,160,693 | |
| Accumulated depreciation | <u>(17,331,751)</u> | |
| Total capital assets | | <u>18,948,574</u> |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. | | |
| Long-term liabilities reported in these statements consist of: | | |
| Accrued leave | (3,952,552) | |
| Capital lease payable | (6,616,267) | |
| Net pension liability | (157,419,471) | |
| Net other postemployment benefits liability | <u>(25,979,878)</u> | |
| Total long-term liabilities | | <u>(193,968,168)</u> |
| Certain changes in net pension and OPEB liabilities are deferred rather than recognized immediately. These are amortized over time. | | |
| Deferred outflows of resources related to pensions | 17,173,454 | |
| Deferred inflows of resources related to pensions | (4,231,063) | |
| Deferred outflows of resources related to other postemployment benefits | 13,436,110 | |
| Deferred inflows of resources related to other postemployment benefits | <u>(10,922,016)</u> | |
| Total deferred pension and OPEB items | | <u>15,456,485</u> |
| Amounts reported in the Proprietary Funds of the District are used to support ongoing educational programs. Their activities are appropriately recorded with governmental activities in the statement of net position. | | |
| | | <u>300,539</u> |
| Net Position of Governmental Activities | | <u>\$ (129,473,449)</u> |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Governmental Funds
Statement of Revenues, Expenditures and Changes
in Fund Balances

| | Major Funds | | | Total Govern- mental Funds |
|--|----------------------|--|---------------------|-------------------------------------|
| | General | Capital Improvement Projects Capital Project | Nonmajor Funds | |
| <i>Year Ended June 30, 2019</i> | | | | |
| Revenues | | | | |
| Local sources: | | | | |
| Borough appropriation | \$ 58,374,918 | \$ - | \$ - | \$ 58,374,918 |
| Other local | 1,041,016 | - | 3,192,725 | 4,233,741 |
| Borough capital projects | - | - | 230,124 | 230,124 |
| State of Alaska | 190,942,103 | - | 17,673,090 | 208,615,193 |
| Federal sources: | | | | |
| E-rate | 1,276,298 | - | - | 1,276,298 |
| Medicaid reimbursement | 618,220 | - | - | 618,220 |
| Direct grants | - | - | 594,830 | 594,830 |
| Grants passed through the State of Alaska | - | - | 21,433,109 | 21,433,109 |
| Grants passed through intermediate agencies | - | - | 69,377 | 69,377 |
| Total Revenues | 252,252,555 | - | 43,193,255 | 295,445,810 |
| Expenditures | | | | |
| Current: | | | | |
| Instruction | 102,382,910 | 16,459 | 6,359,431 | 108,758,800 |
| Special education instruction | 39,039,945 | - | 3,407,605 | 42,447,550 |
| Special education support services - students | 15,904,045 | - | 1,643,033 | 17,547,078 |
| Support services - students | 9,235,099 | - | 1,085,629 | 10,320,728 |
| Support services - instruction | 11,169,016 | - | 3,396,617 | 14,565,633 |
| School administration | 10,341,792 | - | 524,933 | 10,866,725 |
| School administration support services | 10,355,295 | - | - | 10,355,295 |
| District administration | 1,554,316 | - | 6,777 | 1,561,093 |
| District administration support services | 12,068,583 | - | 1,297,302 | 13,365,885 |
| Operations and maintenance of plant | 24,046,589 | 61,145 | 1,169,353 | 25,277,087 |
| Student activities | 3,718,095 | - | 100 | 3,718,195 |
| Student transportation - to and from school | - | - | 17,519,061 | 17,519,061 |
| Student transportation - other transportation services | - | - | 228,364 | 228,364 |
| Community services | 2,564 | - | 81,236 | 83,800 |
| Food services | - | - | 6,870,276 | 6,870,276 |
| Debt Service: | | | | |
| Principal | - | - | 150,489 | 150,489 |
| Interest | - | - | 242,811 | 242,811 |
| Construction and facilities acquisition | - | 3,583,086 | 453,225 | 4,036,311 |
| Total Expenditures | 239,818,249 | 3,660,690 | 44,436,242 | 287,915,181 |
| Excess (deficiency) of revenues over expenditures | 12,434,306 | (3,660,690) | (1,242,987) | 7,530,629 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 2,937,790 | 1,149,691 | 4,087,481 |
| Transfers out | (4,087,481) | - | - | (4,087,481) |
| Net Other Financing Sources (Uses) | (4,087,481) | 2,937,790 | 1,149,691 | - |
| Net change in fund balances | 8,346,825 | (722,900) | (93,296) | 7,530,629 |
| Fund Balances, beginning of year | 16,993,057 | 3,735,930 | 1,529,505 | 22,258,492 |
| Fund Balances, end of year | \$ 25,339,882 | \$ 3,013,030 | \$ 1,436,209 | \$ 29,789,121 |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ 7,530,629

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:

| | | |
|----------------------|--------------------|-----------|
| Capital outlay | \$ 2,795,583 | |
| Depreciation expense | <u>(3,034,115)</u> | (238,532) |

Amounts reported in the Proprietary Funds of the District are used to support ongoing educational programs. Their activities are appropriately recorded with governmental activities in the statement of activities. (6,759)

Amount reported in the governmental funds includes revenues and expenditures for Borough funded capital projects. However, in the statement of activities, the revenues and expenditures are eliminated. These amounts consisted of:

| | | |
|--------------|------------------|---|
| Revenues | (2,310,313) | |
| Expenditures | <u>2,310,313</u> | - |

Repayment of the principal of long-term debt consumes current financial resources of governmental funds. However, this does effect net position. This amount is the principal payments on long-term debt 150,489

Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|--|--|------------------|
| Decrease in annual leave | | (194,935) |
| Increase in net pension liability and related deferred outflows and inflows of resources | | 10,415,907 |
| Decrease in net OPEB liability and related deferred outflows and inflows of resources | | <u>(881,273)</u> |

Change in Net Position of Governmental Activities \$ 16,775,526

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Net Position

| | Governmental Activities | |
|--|---------------------------------|-----------------------------|
| | Nonmajor Enterprise Funds | Internal Service Fund |
| <i>June 30, 2019</i> | | |
| Assets | | |
| Current: | | |
| Cash | \$ 290,659 | \$ 4,980,556 |
| Prepaid items | 2,000 | - |
| Inventory | 8,306 | - |
| Total Assets | \$ 300,965 | \$ 4,980,556 |
| Liabilities and Net Position | | |
| Current Liabilities | | |
| Accounts payable | \$ - | \$ 10,301 |
| Due to other funds | - | 3,602,100 |
| Unearned revenue | 426 | - |
| Insurance claims incurred but not reported | - | 1,368,155 |
| Total Current Liabilities | 426 | 4,980,556 |
| Net Position - unrestricted | 300,539 | - |
| Total Liabilities and Net Position | \$ 300,965 | \$ 4,980,556 |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

| | Governmental Activities | |
|--|---------------------------------|-----------------------------|
| | Nonmajor Enterprise Funds | Internal Service Fund |
| <i>Year Ended June 30, 2019</i> | | |
| Operating Revenues | | |
| Interfund charges | \$ - | \$ 2,072,765 |
| Sales | 4,600 | - |
| Total Operating Revenues | 4,600 | 2,072,765 |
| Operating Expenses | | |
| Claims expense | - | 1,740,876 |
| Instruction | 11,359 | - |
| General and administrative | - | 339,313 |
| Total Operating Expenses | 11,359 | 2,080,189 |
| Operating loss | (6,759) | (7,424) |
| Nonoperating Revenue - interest income | - | 7,424 |
| Change in net position | (6,759) | - |
| Net Position, beginning of year | 307,298 | - |
| Net Position, end of year | \$ 300,539 | \$ - |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Proprietary Funds
Statement of Cash Flows

| | Governmental Activities | |
|--|---------------------------------|-----------------------------|
| | Nonmajor Enterprise Funds | Internal Service Fund |
| <i>Year Ended June 30, 2019</i> | | |
| Cash Flows for Operating Activities | | |
| Receipts from interfund charges | \$ - | \$ 2,194,869 |
| Receipts from customers and users | 4,600 | - |
| Payments to suppliers | (19,665) | (1,897,818) |
| Net cash flows from (for) operating activities | (15,065) | 297,051 |
| Cash Flows from Investing Activities | | |
| Interest received | - | 7,424 |
| Net increase (decrease) in cash and cash equivalents | (15,065) | 304,475 |
| Cash and Cash Equivalents, beginning of year | 305,724 | 4,676,081 |
| Cash and Cash Equivalents, end of year | \$ 290,659 | \$ 4,980,556 |
| Reconciliation of Operating Loss to Net Cash Flows for Operating Activities | | |
| Operating loss | \$ (6,759) | \$ (7,424) |
| Adjustments to reconcile operating loss to net cash flows for operating activities: | | |
| Increase in due to other funds | - | 122,104 |
| Decrease in accounts payable | - | (3,465) |
| Increase in inventory | (8,306) | - |
| Increase in claims payable | - | 185,836 |
| Total adjustments | (8,306) | 304,475 |
| Net Cash Flows from (for) Operating Activities | \$ (15,065) | \$ 297,051 |

Matanuska-Susitna Borough School District
(A Component Unit of the Matanuska-Susitna Borough)

Student Activities Agency Fund
Statement of Fiduciary Assets and Liabilities

Year Ended June 30, 2019

Assets

| | |
|------|--------------|
| Cash | \$ 2,725,743 |
|------|--------------|

Liabilities

| | |
|---------------------------|--------------|
| Due to student activities | \$ 2,725,743 |
|---------------------------|--------------|
